
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 FUND NAMED BELOW

If you are in any doubt about 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 CICC KraneShares CSI China Internet Index 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 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.*

China International Capital Corporation Hong Kong 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 authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

CICC KraneShares ETF Trust (the “Trust”)

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

CICC KraneShares CSI China Internet Index ETF (the “Sub-Fund”)

Stock Codes: 03186 (HKD counter), 09186 (USD counter) and 83186 (RMB counter)

ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND NON-APPLICABILITY OF CERTAIN PROVISIONS OF THE CODE ON UNIT TRUSTS AND MUTUAL FUNDS

Terms not defined in this Announcement and Notice will have the meanings as are given to such terms in the prospectus of the Trust and the Sub-Fund (the “Prospectus”) dated 18 March 2022.

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 of units of the Sub-Fund (the “Units”) on the SEHK, proposed termination and proposed deauthorisation of the Trust and the Sub-Fund, proposed delisting of the Sub-Fund from the SEHK and the non-applicability of certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from 27 January 2023 (i.e. the Trading Cessation Date) to the date of deauthorisation of the Trust and the Sub-Fund (the “Deauthorisation Date”). In particular, investors should note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Sub-Fund, which is the only outstanding sub-fund of the Trust (see section 1 below), the Manager decided to exercise its power under Clauses 35.5(A) and 35.6(A) of the trust deed dated 16 March 2018, as amended from time to time (the “Trust Deed”) and proposed to seek termination of the Trust and the Sub-Fund respectively with effect from the Termination Date (as defined in section 2.4 below). The Manager is of the view that the proposed termination of the Trust and the Sub-Fund would be in the best interests of the investors of the Sub-Fund;
- the Last Trading Day (as defined in section 2.4 below) of the Units will be 26 January 2023;

- the Units will cease trading on the SEHK from the Trading Cessation Date (as defined in section 2.4 below), 27 January 2023;
- as the establishment costs of the Sub-Fund have not been fully amortised, the Sub-Fund will continue to bear its establishment costs (based on daily amortisation) up to the Last Trading Day, and the Manager and/or the Sub-Manager will bear any remaining unamortised establishment costs;
- the Manager will aim to realise all of the assets of the Sub-Fund from the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards, (i) there will be no further trading of Units on the SEHK and no further creation and redemption of Units; (ii) the Manager will start to realise all the assets of the Sub-Fund and the Sub-Fund will therefore cease to track the performance of its Index and will not be able to meet its investment objective of tracking the performance of such Index; (iii) the Sub-Fund will no longer be marketed or offered to the public; (iv) the Sub-Fund will mainly hold cash; and (v) the Sub-Fund will only be operated in a limited manner;
- the Manager, upon consultation with the Trustee and the auditor of the Trust and the Sub-Fund (the “Auditor”), will declare a Distribution (as defined in section 2.2 below) to the investors who remain so as at 31 January 2023 (i.e. the Distribution Record Date). The amount of Distribution will equal to the Sub-Fund’s then Net Asset Value in proportion to such investors’ Units in the Sub-Fund as at the Distribution Record Date, which will exclude (i) any taxes payable and (ii) any expenses payable. The Distribution is expected to be payable on or around 15 February 2023 (i.e. the Distribution Date);
- by the date when the Trustee and the Manager form an opinion that the Trust and the Sub-Fund cease to have any outstanding contingent or actual assets and liabilities, the Trustee and the Manager will commence the completion of the termination of the Trust and the Sub-Fund (i.e. the Termination Date). The Manager expects the Termination Date will be on or around 23 March 2023. The Manager will publish an announcement on or shortly before the Termination Date about the termination and deauthorisation of the Trust and the Sub-Fund and the delisting of the Sub-Fund;
- from the Trading Cessation Date until the Termination Date, the Manager will maintain the Trust’s and the Sub-Fund’s authorisation by the SFC and the Sub-Fund’s SEHK listed status. Subject to the SEHK’s approval, delisting should take effect at or around the same time as the deauthorisation;
- the Manager expects that the deauthorisation of the Trust and the Sub-Fund and the delisting of the Sub-Fund will take place either on the Termination Date or shortly after the Termination Date; and
- investors should pay attention to the risk factors set out in section 6.1 below. Investors should exercise caution and consult their professional and financial advisers before dealing in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

Stockbrokers and financial intermediaries are urged to:

- forward a copy of this Announcement and Notice to their clients holding any Units, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of any Units on or before the Last Trading Day; and
- 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.

Stockbrokers and financial intermediaries are also urged to inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact on their clients in relation to such arrangements.

Any fund documentation for the Trust and the Sub-Fund previously issued to investors, including the Prospectus and the Product Key Facts Statement (the “KFS”), should be retained for personal use only and not for public circulation.

If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (please refer to section 8 below).

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

1.1. Proposed termination of the Trust and the Sub-Fund

According to Clauses 35.5(A) and 35.6(A) of the Trust Deed, the Trust and the Sub-Fund may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee if after one year from (in the case of the Trust) the date of the Trust Deed or (in the case of the Sub-Fund) the date of establishment of the Sub-Fund, the aggregate Net Asset Value of all the Units in the Sub-Fund outstanding shall be less than USD10,000,000. The Trust Deed does not require investors' approval for terminating the Trust and the Sub-Fund on the grounds set out in Clauses 35.5(A) and 35.6(A).

As at 22 December 2022, the Net Asset Value and the Net Asset Value per Unit of the Sub-Fund are as follows:

Net Asset Value	Net Asset Value per Unit
USD2,971,595.28	USD5.9432

Having taken into account the relevant factors, including the interests of the investors of the Sub-Fund as a whole and the current relatively small Net Asset Value of the Sub-Fund, which is the only outstanding sub-fund of the Trust, the Manager is of the view that the proposed termination of the Trust and the Sub-Fund would be in the best interests of the investors of the Sub-Fund. Therefore, the Manager decided to exercise its powers under Clauses 35.5(A) and 35.6(A) of the Trust Deed by giving notice in writing to the Trustee of its proposal to terminate the Trust and the Sub-Fund respectively on the date on which the Trustee and the Manager form an opinion that the Trust and the Sub-Fund cease to have any outstanding contingent or actual assets and liabilities.

The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Trust and the Sub-Fund pursuant to Clauses 35.5(A) and 35.6(A) of the Trust Deed, and to voluntarily seek the deauthorisation of the Trust and the Sub-Fund and the delisting of the Sub-Fund (the “**Proposal**”). 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.

As required under Clause 35.8 of the Trust Deed, no less than three months' notice is hereby given to the investors, notifying them of the proposed termination of the Trust and the Sub-Fund. Also, as required under Chapters 11.1A and 11.2 of the Code, no less than one month's notice is hereby given to the investors, notifying them that the Sub-Fund will cease to track the performance of the Index, and cease trading on the SEHK, from the Trading Cessation Date.

1.2. Proposed cessation of trading of the Sub-Fund

The Manager will apply to the SEHK to have the Units cease trading on the SEHK with effect from 27 January 2023 (i.e. the Trading Cessation Date). The Manager will aim to realise all of the assets of the Sub-Fund effective from the Trading Cessation Date in exercise of its power to realise investments under Clause 9.6 of the Trust Deed.

The realisation of assets of the Sub-Fund will not incur any additional cost as compared to the costs associated with normal realisation of investments.

26 January 2023 will be the Last Trading Day when investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place, and no creation and redemption of Units through Participating Dealers will be allowed after such date. Creation and redemption of Units 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. There will be no creation of Units for other purposes after this Announcement and Notice has been published.

Investors should note that they cannot create or redeem Units directly in the primary market. Only Participating Dealers may submit creation and redemption applications to the Manager. 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 no 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.

1.3. Impact of the proposed realisation of the assets of the Sub-Fund

After the realisation of the assets of the Sub-Fund, the Sub-Fund will mainly hold cash (primarily consisting of the proceeds from the realisation of the assets of the Sub-Fund). It therefore follows that, from the Trading Cessation Date, the Sub-Fund will cease to track the Index, and will not be able to meet its investment objective of tracking the performance of the Index.

2. What will happen on or before the Last Trading Day and from the Trading Cessation Date?

2.1. Trading on the SEHK 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 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 Manager expects that the market maker for each trading counter of the Sub-Fund (the “**Market Maker**”) will continue to perform its market making functions in accordance with the Trading Rules of the SEHK until the Trading Cessation Date.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units on the SEHK on investors, and a transaction levy (at 0.0027% of the trading price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the trading price of the Units) and a trading fee (currently at 0.005% and to be updated to 0.00565% effective from 1 January 2023 of the trading price of the Units) will be payable by the buyer and the seller of the Units. A trading tariff of HKD0.50 is payable to the HKEX on each and every purchase or sale transaction, but this will be removed with effect from 1 January 2023. No charge to stamp duty will arise in Hong Kong in respect of sale or purchase of Units on the SEHK.

The trading price of Units may be below or above the Net Asset Value per Unit. Please see the relevant risk factor in section 6.1 below.

Relevant Investors (as defined in section 2.2 below) 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 holdings of Units during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

2.2. Distribution(s)

For Relevant Investors who are still holding Units after the Last Trading Day, the Manager will, after consulting the Trustee and the Auditor, declare a distribution in USD (for Units in each of USD counter, HKD counter and RMB counter) (the “**Distribution**”) in respect of those investors who remain invested in the Sub-Fund as of the Distribution Record Date (the “**Relevant Investors**”). Such Distribution is expected to be made on or around 15 February 2023 (i.e. the Distribution Date).

Each Relevant Investor will be entitled to a Distribution of an amount equal to the Sub-Fund’s then Net Asset Value in proportion to the Relevant Investor’s Units in the Sub-Fund as at the Distribution Record Date. The Sub-Fund’s then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the Sub-Fund as described in section 1.3 above (which exclude (i) any taxes payable and (ii) any expenses payable).

The Distribution payable to each Relevant Investor is expected to be paid on or around 15 February 2023, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The Manager will issue a further announcement at least one business day before the Distribution Date to inform the Relevant Investors of the exact day of payment of the Distribution, together with the amount of Distribution per Unit in respect of the Sub-Fund.

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

IMPORTANT NOTE: Investors should pay attention to the risk factors as set out in section 6.1 below and consult their professional and financial advisers before disposing of their Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not in any circumstances

be entitled to any portion of the Distribution or 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 or otherwise deciding on any course of actions to be taken in relation to their Units.

2.3. Between the Trading Cessation Date and Termination Date

Following the realisation of the assets and the Distribution and further distribution (if any), on the day on which the Manager and the Trustee are of the opinion that the Trust and the Sub-Fund cease to have any outstanding contingent or actual assets and liabilities (i.e. the Termination Date), the Manager and the Trustee will commence the completion of termination of the Trust and the Sub-Fund.

During the period from the Trading Cessation Date until the Termination Date, although the Sub-Fund will continue to be listed on the SEHK and will remain authorised by the SFC, the Sub-Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Sub-Fund will have no investment activities from the Trading Cessation Date onwards. As such, pursuant to Chapter 8.6(t) of the Code and paragraph 13 of the Frequently Asked Questions on Exchange Traded Funds and Listed Funds issued by the SFC (the “**ETF FAQs**”), the Sub-Fund will continue to maintain its authorisation status with the SFC without strictly complying with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in section 3 below.

The deauthorisation of the Trust and the Sub-Fund and delisting of the Sub-Fund will take place either on the Termination Date or shortly after the Termination Date, subject to the SFC’s and SEHK’s respective approvals. The Manager expects the delisting should take effect at or around the same time as the deauthorisation.

The proposed termination and deauthorisation of the Trust and the Sub-Fund and the proposed delisting of the Sub-Fund will be subject to the payment of all outstanding fees and expenses (please refer to section 5 below), discharge of all outstanding liabilities of the Trust and the Sub-Fund, as well as final approvals by the SFC and the SEHK respectively.

Following deauthorisation, the Trust and the Sub-Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any fund documentation previously issued to investors, including the Prospectus and the KFS in respect of the 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 Trust and the Sub-Fund to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “**SFO**”).

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 Trust and the Sub-Fund will be as follows:

Dispatch of this Announcement and Notice	After market close on 23 December 2022 (Friday)
No further request for creation of Units by investors in the primary market via Participating Dealers (other than by Participating Dealers for market making activities) after this Announcement and Notice has been published	28 December 2022 (Wednesday)
Last day on which requests for creation by Participating Dealers for market making activities and redemption of Units in the primary market by Participating Dealers may be accepted Last day for dealings in the Units on the SEHK in the secondary market (the “ Last Trading Day ”)	26 January 2023 (Thursday)

<p>No further requests for creation and redemption of Units in the primary market by Participating Dealers will be accepted</p> <p>Cessation of trading in the Units on the SEHK in the secondary market</p> <p>The date on which the Manager will start to realise all the investments of the Sub-Fund and the Sub-Fund will cease to track the performance of its Index</p> <p>The date from which the Sub-Fund shall no longer be marketed or offered to the public in Hong Kong</p> <p>(the “Trading Cessation Date”)</p>	27 January 2023 (Friday)
<p>Last valuation of the Sub-Fund to be conducted upon realisation of all assets</p> <p>(the “Last Valuation Date”)</p>	31 January 2023 (Tuesday)
<p>Record date for determining the eligibility of entitlement for the Distribution and further distribution, if any</p> <p>(the “Distribution Record Date”)</p>	By close of business on 31 January 2023 (Tuesday)
<p>Dispatch of announcement on Distribution and the distribution rate per Unit</p>	On or around 8 February 2023 (Wednesday), at least five business days before the Distribution Date
<p>Distribution, after the Manager having consulted the Trustee and the Auditor, will be paid to the investors who are still holding Units as at the Distribution Record Date</p> <p>(the “Distribution Date”)</p>	On or around 15 February 2023 (Wednesday)
<p>Termination of the Trust and the Sub-Fund when the Manager and the Trustee form an opinion that the Trust and the Sub-Fund cease to have any outstanding contingent or actual assets and liabilities</p> <p>(the “Termination Date”)</p>	Expected to be 23 March 2023 (Thursday)
<p>Deauthorisation of the Trust and the Sub-Fund and delisting of the Sub-Fund</p> <p>The date of deauthorisation and delisting will be the date which the SFC and SEHK approve the deauthorisation and delisting respectively. The Manager expects that the deauthorisation and delisting will take place either on the Termination Date or shortly after the Termination Date.</p>	On or shortly after the Termination Date

The Manager will issue the following:

- (i) (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;
- (ii) (in due course) an announcement to inform the investors of the Distribution Date, and further distribution date (if any); and
- (iii) (on or shortly before the Termination Date) an announcement informing investors about the Termination Date, Deauthorisation Date and the date for delisting of the Sub-Fund,

in accordance with the applicable regulatory requirements.

If there is any change to the dates mentioned set out in the table above, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

3. Non-applicability of certain provisions of the Code

3.1. Background

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

Pursuant to Chapter 8.6(t) of the Code and paragraph 13 of the ETF FAQs, the Sub-Fund may not strictly comply with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in this section 3.

3.2. Publication 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 Sub-Fund without strict compliance with Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Manager's website <https://cicchkam.com> (this website has not been reviewed by the SFC) from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units have ceased trading on the SEHK from 27 January 2023 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Sub-Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the date of delisting, investors may continue to access further announcements in relation to the Sub-Fund via the Manager's website <https://cicchkam.com> (this website has not been reviewed by the SFC) and the HKEX's website during such period.

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

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

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

- (A) the Manager shall ensure that the Net Asset Value per Unit as of 26 January 2023 (i.e. the Last Trading Day), which will be the latest Net Asset Value per Unit, will be published on the Manager's website <https://cicchkam.com> (this website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value per Unit on the Manager's website <https://cicchkam.com> (this website has not been reviewed by the SFC) as soon as practicable should there be any other change to the Net Asset Value of the Sub-Fund, including but not limited to changes arising from (i) the payment of Distribution (please see further in section 2.2 above); (ii) further distribution (if any); (iii) any deduction of transaction costs or taxes relating to the realisation of the assets of the Sub-Fund; and (iv) any change in market value of the scrip dividend receivable by the Sub-Fund (if any) of the underlying investments.

3.4. Updating of the Prospectus and KFS

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

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

- (A) the Manager shall promptly notify investors of any changes to the Sub-Fund or to the Prospectus or the KFS by means of publishing further announcement(s) on the Manager's website <https://cicchkam.com> (this website has not been reviewed by the SFC) and the HKEX's website (each, a "**Relevant Future Announcement**"); and
- (B) the Manager shall 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 and any other Relevant Future Announcement(s).

3.5. Other related matter

The Manager confirms that, save for the particular provisions of the Code set out in sections 3.2 to 3.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and other applicable laws and regulations in respect of the Trust and the Sub-Fund.

4. Preparing Termination Audit Report covering the Termination Audit Period

Under Chapter 11.6 of the Code, the Manager is required to publish and distribute annual reports containing the information required in Appendix E to the Code to investors within four months of the end of the Trust's and Sub-Fund's financial year-end, which is 31 December every year. Chapter 11.6 of the Code also provides that, as an alternative to the distribution of printed financial reports, investors may be notified of where such reports, in printed and electronic forms, can be obtained within the relevant time frame.

With a view to minimising operational cost, the Manager will rely on Note (2) to Chapter 11.6 of the Code which permits extension of reporting period for the annual report in the case of fund termination. Accordingly, to the extent that the Termination Date falls within the first four months after the financial year ending 31 December 2022, the annual report for the financial year ending 31 December 2022 will be combined with the termination audit of the Trust and the Sub-Fund (the "**Termination Audit Report**"), covering an extended reporting period from 1 January 2022 to the Termination Date (the "**Termination Audit Period**"). The Termination Audit Report will be published on the Manager's website <https://cicchkam.com> (this website has not been reviewed by the SFC) and the HKEX's website as soon as practicable and in any event no later than four months after the Termination Date.

The Manager will publish the Termination Audit Report as follows:

- (A) the contents of the Termination Audit Report shall comply with the requirements under Chapter 4.5(f) and Appendix E to the Code, and all other applicable provisions of the Code, other applicable laws and regulations; and
- (B) the Manager shall notify the investors by way of an announcement on its website <https://cicchkam.com> (this website has not been reviewed by the SFC) and the HKEX's website on or before 30 April 2023 (i.e. the due date for issuance of the normal annual report) of, among other things: (i) when the Termination Audit Report will be published; (ii) the start and end dates of the Termination Audit Period; and (iii) where the Termination Audit Report, in printed and electronic forms, can be obtained.

The Manager considers that the investors' interests will not be prejudiced by the above arrangement. Save as otherwise set out above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Listing Rules and other applicable laws and regulations in respect of the Trust and the Sub-Fund.

5. Costs

5.1. Trading on the SEHK

As indicated in section 2.1 above, stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on the SEHK on or before the Last Trading Day.

5.2. Creation and redemption by Participating Dealers

All creations and redemptions of Units by the Participating Dealers will be subject to the fees and costs as set out in the Prospectus. The Participating Dealers may pass on to the relevant investors such fees and costs. The Participating Dealers may also impose fees and charges in handling any creation and redemption request which would also increase the cost of creation and redemption. Investors are advised to check with the Participating Dealers as to the relevant fees, costs and charges.

5.3. Ongoing charges

The ongoing charges over a year for the Sub-Fund as a percentage of the Net Asset Value is 0.72%*.

** The ongoing charges figure is an annualised figure based on the annual report of the Sub-Fund for the year ended 31 December 2021. As the Sub-Fund adopts a single management fee structure, the ongoing charges of the Sub-Fund are equal to the amount of the single management fee which is capped at a maximum of 0.72% of the average Net Asset Value of the Sub-Fund.*

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

5.4. Cost of termination, deauthorisation and delisting

The Manager and/or the Sub-Manager will bear all costs and expenses associated with the termination and deauthorisation of the Trust and the Sub-Fund as well as the delisting of the Sub-Fund (other than transaction costs and any taxes relating to the realisation of assets of the Sub-Fund, which will be paid out of the Sub-Fund) from the date of this Announcement and Notice up to and including the Termination Date.

The Manager will continue to charge a Management Fee and the Trustee will continue to charge the Trustee's fee (which is included in the Management Fee) up to and including the Last Trading Day.

5.5. Unamortised establishment costs

As at 22 December 2022, the Sub-Fund has unamortised establishment costs of USD729.33. The unamortised establishment costs will continue to be charged to the Sub-Fund and will be amortised (based on daily amortisation) up to the Last Trading Day. The Manager expects that the unamortised establishment costs will be fully amortised as at the Last Trading Day. In the unlikely event that there are unamortised establishment costs as at the Last Trading Day, the Manager and/or the Sub-Manager will bear any remaining unamortised establishment costs.

The Manager does not expect that the unamortised establishment cost will impact the figure disclosed above in section 5.3 for ongoing charges. Save for the unamortised establishment costs, the Trust and the Sub-Fund do not have any contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

6. Other matters

6.1. Risk factors relating to the proposed cessation of trading, termination, deauthorisation and delisting

In consequence of this Announcement and Notice and the proposed cessation of trading of the Units on the SEHK, proposed termination and proposed deauthorisation of the Trust and the Sub-Fund and the proposed delisting of the Sub-Fund from the SEHK, investors should note and consider the following risks:

Liquidity risk – Trading of Units on the SEHK from the date of this Announcement and Notice may become less liquid.

Units trading at a discount or premium and Market Makers' inefficiency risk – The Units may trade at a discount or premium of its Net Asset Value. Although the Manager expects that, up to (and including) the Last Trading Day, the Market Makers will continue to perform their market making functions in respect of the Sub-Fund in accordance with the Trading Rules of the SEHK, Units may trade at a discount compared to their Net Asset Value in extreme market situations. This is because many investors may want to sell their Units after the Proposal has been announced 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 may trade at a premium, and consequently the divergence between the supply of and demand for the Units may be larger than usual. In particular, should there be a large demand for Units before the Trading Cessation Date, the Market Makers may not be able to effectively perform its market making activities to provide liquidity of the trading of Units on the SEHK in these extreme market situations. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

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 Sub-Fund may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfill the investment objectives of the Sub-Fund and result in significant tracking error. In the extreme situation where the size of the Sub-Fund becomes so small that the Manager considers that it is not in the best interest of the Sub-Fund to continue to invest in the market, the Manager may

decide to convert the whole or part of the investments of the Sub-Fund into cash or deposits in order to protect the interest of the investors of the 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 investments. 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 Index risk – All assets of the Sub-Fund, to the extent possible, will be liquidated with effect from the Trading Cessation Date. Thereafter, the Sub-Fund's assets will mainly be cash. The Sub-Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Sub-Fund will cease to track the performance of its Index, and will not be able to meet its investment objective of tracking the performance of such Index.

Delay in distribution risk – The Manager will aim to realise all of the assets of the Sub-Fund and proceed with the Distribution and further distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Sub-Fund 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 depository of the relevant market is closed. In this case, the payment of Distribution or further distribution (if any) to the Relevant Investors may be delayed.

Distribution in other currency risk - Investors should note that all Units will receive distributions in the base currency (USD) only. In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such distribution from USD to HKD or other currency. The Unitholder may also have to bear bank or financial institution fees and charges associated with the handling of the distribution payment. Unitholders are advised to check with their brokers regarding arrangements for distributions.

Investor's attention is also drawn to the risk factors disclosed in the Prospectus.

6.2. 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 Trust and the Sub-Fund are collective investment schemes authorised under Section 104 of the SFO, profits of the Trust and the Sub-Fund derived from realisation of their assets are exempted from Hong Kong profits tax. Notwithstanding that profits of the Trust and the Sub-Fund derived from realisation of their assets are exempted from Hong Kong profits tax, the Trust and the Sub-Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution or further distribution (if any) to the extent of distribution of profits and/or capital of the Trust and the Sub-Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the 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 Sub-Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

6.3. Connected party transaction

China International Capital Corporation Hong Kong Securities Limited ("**CICC Securities**"), which is a Connected Person of the Manager, currently acts as one of the Participating Dealers of the Sub-Fund. As at 22 December 2022, CICC Securities held 24,150 Units in the Sub-Fund, which is approximately 4.83% of the Net Asset Value of the Sub-Fund.

CICC Securities may decide to dispose of all or part of its Units, either by selling the Units on the SEHK or by redeeming the Units in the primary market, after being informed of the Proposal via this Announcement and Notice. Any such disposal of Units by CICC Securities, which is beyond the control of the Manager, may reduce the size of the Sub-Fund and impair the Manager's ability to fulfil the investment objectives of the Sub-Fund and result in significant tracking error. Please refer to "*Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk*" in section 6.1 above.

Other than disclosed above, no other Connected Person of the Manager, the Sub-Manager and/or the Trustee is a party to any transaction in relation to the Sub-Fund, nor holds any interest in the Sub-Fund.

7. Documents available for inspection

Copies of the following documents are available for inspection free of charge upon request at the Manager's office (see section 8 below) during normal business hours:

- (i) the Trust Deed;
- (ii) the Service Agreement(s);
- (iii) the Participating Dealer Agreement(s);
- (iv) the Prospectus;
- (v) the KFS of the Sub-Fund; and
- (vi) the most recent annual financial statements of the Trust and the Sub-Fund and the most recent interim financial statements of the Trust and the Sub-Fund.

Copies of the above documents may be obtained from the Manager at a cost of HKD150 per set of copy documents (other than the Prospectus and KFS of the Sub-Fund as stated in (iv) and (v) and financial statements as stated in (vi) above, which may be obtained free of charge).

8. Enquiries

If you have any queries concerning this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong or by telephone at +852 2872-2000 during normal office hours.

The Manager accepts full responsibility for the accuracy of the contents of 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.

China International Capital Corporation Hong Kong Asset Management Limited
as Manager of the Trust and the Sub-Fund
23 December 2022

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

CICC KraneShares ETF Trust

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

PROSPECTUS

Manager

**China International Capital Corporation Hong Kong
Asset Management Limited**

Sub-Manager

Krane Funds Advisors, LLC

18 March 2022

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

IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the “Units”) in the CICC KraneShares ETF Trust (the “Trust”), an umbrella unit trust established under Hong Kong law by a trust deed dated 16 March 2018, as amended from time to time (the “Trust Deed”) between China International Capital Corporation Hong Kong Asset Management Limited (the “Manager”) and Brown Brothers Harriman Trustee Services (Hong Kong) Limited (the “Trustee”). The Trust can have a number of sub-funds (the “Sub-Funds” or individually a “Sub-Fund”).

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

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

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

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

Dealings in the Units of the CICC KraneShares CSI China Internet Index ETF have commenced. The Units are accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS. Settlement of transactions between participants on the SEHK is required to take place in CCASS on the second CCASS settlement day after the trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

The Units cannot be offered or sold, directly or indirectly, in the United States of America (including its territories and possessions), to or for the benefit of a “U.S. Person” (see below).

The Manager may impose restrictions on any Unitholder who is a “U.S. Person” and operate the (i) compulsory

redemption of Units or (ii) transfer of Units held by such “U.S. Person” in accordance with the provisions of the Trust Deed.

Such power covers any person (a) who appears to be directly or indirectly in breach of the laws or regulations of any country or governmental authority, or (b) in the opinion of the Manager, might result in the Sub-Fund suffering any disadvantage which the Sub-Fund might not otherwise have incurred or suffered.

For the purpose of the offering of Units, “U.S. Person” includes those “U.S. Persons” as defined in the U.S. “Regulation S” adopted by the Securities and Exchange Commission (the “SEC”), such as: (a) any natural person resident in the U.S.; (b) any partnership or corporation organised or incorporated under the laws of the U.S.; (c) any estate of which any executor or administrator is a U.S. Person; (d) any trust of which any trustee is a U.S. Person; (e) any agency or branch of a non-U.S. entity located in the U.S.; (f) any non-discretionary or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the U.S.; and (h) any partnership or corporation if (i) organised or incorporated under the laws of any non-U.S. jurisdiction and (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities Act unless it is organised or incorporated, and owned, by accredited investors (as defined under Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts; as well as any other person or entity classified by the Manager as a “U.S. Person” due to such person or entity being subject to certain investment restrictions and/or restrictions relating to the direct or indirect holding of Units as may be mandated under applicable U.S. laws and regulations (including any U.S. governmental orders or sanctions).

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

You should note that any amendment or addendum to this Prospectus will only be posted on the Trust’s website (<https://cicchkam.com>) the contents of which, and of any other websites referred to in this Prospectus, have not been reviewed by the SFC. This Prospectus may refer to information and materials included in websites. Such information and materials do not form part of this Prospectus and they have not been reviewed by the SFC or any regulatory body. Investors should note that the information provided in websites may be updated and changed periodically without any notice to any person.

Questions and Complaints

Investors may raise any questions on or make any complaints about the Trust (including any Sub-Fund) by contacting the Manager at its address as set out in the Directory of this Prospectus or calling the Manager on +852 2872-2000 during normal office hours.

DIRECTORY

Manager

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

Sub-Manager

Krane Funds Advisors, LLC
1270 Ave of the Americas
Suite 2217
New York
NY 10020

Trustee and Registrar

Brown Brothers Harriman Trustee Services (Hong Kong) Limited
13/F, Man Yee Building
68 Des Voeux Road Central
Central
Hong Kong

Participating Dealer(s)#

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

Market Maker(s)

(USD, HKD and RMB counters)#
Flow Traders Hong Kong Limited
Room 2803 Hysan Place
500 Hennessy Road
Causeway Bay
Hong Kong

Haitong International Securities Company Limited

22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Merrill Lynch Far East Limited

55/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

Auditor

KPMG
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

Service Agent

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

Legal Counsel to the Manager

Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers

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

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

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

DEFINITIONS

In this Prospectus (including the relevant Appendix for any Sub-Fund), unless the context requires otherwise, the following expressions have the meanings set out below.

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

“A-Shares” means shares issued by companies incorporated in the PRC and listed on the SSE or the SZSE, traded in RMB and available for investment by domestic investors and Hong Kong investors through, amongst other channels, Stock Connect.

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

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

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

“B-Shares” means shares issued by companies listed on the SSE or the SZSE, traded in foreign currencies and available for investment by domestic investors and foreign investors.

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

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

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

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

“China” or “PRC” means the People’s Republic of China, excluding for the purposes of interpretation of this Prospectus only, Hong Kong, Macau and Taiwan.

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

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

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

- (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or
- (c) any member of the group of which that company forms part; or
- (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

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

“CSDCC” means the China Securities Depository and Clearing Co., Ltd.

“CSRC” means the China Securities Regulatory Commission.

“Dealing Day” means each Business Day during the continuance of a Sub-Fund, and/or such other day or days as the Manager may from time to time determine in consultation with the Trustee.

“Dealing Deadline” in relation to any particular place and any particular Dealing Day, means the time on or before each Dealing Day specified in the Appendix of a Sub-Fund or such other time or day as the Manager may from time to time determine in consultation with the Trustee.

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

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

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

“Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager or the Trustee to be made for the purpose of compensating or reimbursing the Trust for the difference between (a) the prices used when valuing the Securities in the Trust Fund for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust Fund upon such redemption of Units. For the avoidance of doubt, when calculating subscription and redemption prices, duties and charges may include (if applicable) any provision for bid and ask spreads (to take into account the difference between the price at which assets were valued for the purpose of calculating the Net Asset Value and the estimated price at which such assets shall be bought as a result of a subscription or sold as a result of a redemption), but may not include (if applicable) any commission payable to agents on sales and purchases of the Units or any commission, taxes, charges or costs which may have been taken into account in ascertaining the Net Asset Value of Units).

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

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

“FRC” means the Financial Reporting Council in Hong Kong or its successors.

“H-Shares” means shares issued by companies incorporated in China and listed on the Hong Kong Stock Exchange and traded in Hong Kong Dollars.

“HKD” or “Hong Kong Dollars” means Hong Kong dollars, the lawful currency of Hong Kong.

“HKEX” means Hong Kong Exchanges and Clearing Limited or its successors.

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

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

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

“IFRS” means International Financial Reporting Standards.

“Income Property” means, in respect of a 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 Sub-Fund (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale or transfer of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition; (c) all cash payments received or receivable by the Trustee for the account of the Sub-Fund in respect of an Application; (d) all Cancellation Compensation received by the Trustee for the account of the Sub-Fund; and (e) any payments to be received or are receivable by the Trustee under any contractual agreements in the nature of investments for the benefit of the relevant Sub-Fund but excluding (i) other Deposited Property; (ii) any amount for the time being standing to the credit of the distribution account for the account of the Sub-Fund or previously distributed to Unitholders; (iii) gains for the account of the 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 Sub-Fund.

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

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

“Index Tracking Sub-Fund” means a Sub-Fund with a principal objective to track, replicate or correspond to a financial index or benchmark, with an aim of providing or achieving investment results or returns that closely match or correspond to the performance of the Index that it tracks.

“Initial Issue Date” means the date of the first issue of Units, which shall be the Business Day immediately before the Listing Date.

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

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

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

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

“Macau” means the Macao Special Administrative Region of the People’s Republic of China.

“Manager” means China International Capital Corporation Hong Kong Asset Management Limited or such other person or persons for the time being duly appointed pursuant to the Trust Deed as manager of the Trust in succession thereto being approved by the SFC under the Code.

“Market” means in any part of the world:

- (a) in relation to any Security: the SEHK or such other stock exchange from time to time determined by the Manager; and
- (b) in relation to any futures contract: the Hong Kong Futures Exchange Limited or such other futures exchange from time to time determined by the Manager,

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

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

“Multi-Counter” means the facility by which the Units of a Sub-Fund traded in USD, RMB and 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 (USD or RMB or HKD) as described in the relevant Appendix of this Prospectus.

“N-Shares” means shares of Chinese companies listed on a US stock exchange such as the NYSE or NASDAQ.

“NASDAQ” means The NASDAQ Stock Market LLC.

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

“NYSE” means The New York Stock Exchange.

“Operating Guidelines” means the guidelines for the creation and redemption of Units of a class as set out in the schedule to each Participating Dealer Agreement as amended from time to time by the Manager with the approval of the Trustee, and where applicable, with the approval of HKSCC and the Conversion Agent, and following consultation, to the extent reasonably practicable, with

the relevant Participating Dealers subject always, in respect of the relevant Operating Guidelines for a Participating Dealer, any amendment being notified in writing by the Manager in advance to the relevant Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the class of Units applicable at the time of the relevant Application.

“P-chips” means Chinese companies listed on the SEHK and traded in HKD which are incorporated in the Cayman Islands, Bermuda and the British Virgin Islands with a majority of their business operations in China and controlled by private Chinese shareholders.

“Participating Dealer” means a licensed broker or dealer who is (or who has appointed an agent or delegate who is) a person admitted for the time being by HKSCC as a participant of CCASS and who has entered into a Participating Dealer Agreement in form and substance acceptable to the Manager and Trustee, and any reference in this Prospectus to “Participating Dealer” shall include a reference to any agent or delegate so appointed by the Participating Dealer.

“Participating Dealer Agreement” means an agreement entered into between, among others, the Trustee, the Manager and a Participating Dealer (and its agent, if applicable), and if determined necessary by the Manager (in its absolute discretion), where applicable, each of HKSCC and the Conversion Agent, setting out, (amongst other things), the arrangements in respect of the issue of Units and the redemption and cancellation of Units. References to the Participating Dealer Agreement shall, where appropriate, mean the Participating Dealer Agreement, read together with the Operating Guidelines.

“PBOC” means the People’s Bank of China.

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

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

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

“Red Chips” means shares of companies incorporated outside of China with a majority of their business operations in China and, traded on the SEHK in Hong Kong Dollars.

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

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

“Registrar” means such person as may from time to time be appointed as registrar in respect of each Sub-Fund in accordance with the Trust Deed to keep the register of the Unitholders of the Sub-Fund.

“RMB” or “Renminbi” means Renminbi Yuan, the lawful currency of the PRC.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“SAT” means the State Administration of Taxation of the PRC.

“Securities” means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products, treasury bills, instruments or notes of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, and whether listed or unlisted, or of any government or local

government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):

- (a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any unit trust (as defined in the Trust Deed);
- (b) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;
- (c) any instrument commonly known or recognised as a security;
- (d) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and
- (e) any bill of exchange and any promissory note.

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

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

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

“Service Agreement” means each agreement by which the Service Agent provides its services in respect of a Sub-Fund entered amongst the Trustee, the Manager, the Registrar, the Participating Dealer, the PD Agent (where applicable), the Service Agent and HKSCC.

“Settlement Day” means a Business Day in respect of the relevant Dealing Day pursuant to the Operating Guidelines or such other Business Days in respect of the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers, either generally or for a particular class or classes of Units.

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

“SFO” means the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

“SSE” means the Shanghai Stock Exchange.

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

“SZSE” means the Shenzhen Stock Exchange.

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

“Sub-Manager” means Krane Funds Advisors, LLC or such other person or persons for the time being duly appointed sub-manager or sub-managers of one or more Sub-Funds in succession thereto.

“Transaction Fee” means the fee, in respect of a Sub-Fund, which may be charged for the benefit of the Service Agent, the Registrar and/or the Trustee to each Participating Dealer on each Dealing

Day upon which an Application has been or Applications have been made by the relevant Participating Dealer.

“Trust” means the umbrella unit trust constituted by the Trust Deed and called CICC KraneShares ETF Trust or such other name as the Manager may from time to time determine, upon prior notice to the Trustee.

“Trust Deed” means the trust deed dated 16 March 2018 between the Manager and the Trustee constituting the Trust (as amended from time to time).

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

“Trustee” means Brown Brothers Harriman Trustee Services (Hong Kong) Limited or such other person or persons for the time being duly appointed as trustee or trustees hereof in succession thereto in accordance with the Trust Deed.

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

“Unit Cancellation Fee” means the fee charged by the Conversion Agent in respect of the cancellation of Units in connection with an accepted Redemption Application of a Sub-Fund.

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

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

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

INTRODUCTION

The Trust

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

The Sub-Funds

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

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

THE OFFERING PHASES

Initial Offer Period

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

To be dealt with during the Initial Offer Period, the relevant Participating Dealer must submit the Creation Applications to the Manager (with a copy to the Trustee and Registrar) on a Business Day no later than 2 Business Days prior to the Listing Date unless otherwise stated in the relevant Appendix.

If a Creation Application is received by the Manager and Trustee after the deadline as specified in the Appendix, that Creation Application shall be carried forward and deemed to be received at the opening of business on the Listing Date, which shall be the Dealing Day for the purposes of that Creation Application.

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

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

After Listing

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

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

- (a) buy and sell Units on the SEHK; or
- (b) apply for creation and redemption of Units through Participating Dealers.

Buying and selling of Units on the SEHK

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

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

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

Creations and Redemptions of Units Through Participating Dealers

Units will continue to be created and redeemed in the primary market at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit size or multiples thereof. Where stated in the relevant Appendix, in-kind creations or in-kind redemptions may be permitted by the Manager. The Application Unit size and currency for settlement are as set

out in the relevant Appendix.

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

Settlement in cash for subscribing Units in cash is due by such time as agreed in the Operating Guidelines, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case.

Settlement of Units for redeeming Units is due 2 Business Days (unless as otherwise stated in the relevant Appendix) after the Dealing Day, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case.

Notwithstanding any Multi-Counter (if applicable) for Units, all settlement is in the base currency of the relevant Sub-Fund only.

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

Timetable

Initial Offer Period

The Initial Offer Period and the Listing Date of a new Sub-Fund is set out in the Appendix of the new Sub-Fund.

The purpose of the Initial Offer Period is to enable Participating Dealers to subscribe for Units either on their own account or for their clients, in accordance with the Trust Deed and the Operating Guidelines. During this period, Participating Dealers (acting for themselves or for their clients) may apply for Units to be available for trading on the Listing Date by creation. No redemptions are permitted during the Initial Offer Period.

Upon receipt of a Creation Application from a Participating Dealer (acting for itself or its clients) during the Initial Offer Period, the Manager shall procure the creation of Units for settlement on the Initial Issue Date.

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus and which may change from time to time. The Dealing Deadline in respect of Units in a Sub-Fund may also change due to market related events. Investors are therefore advised to consult with the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Units on their behalf.

After Listing

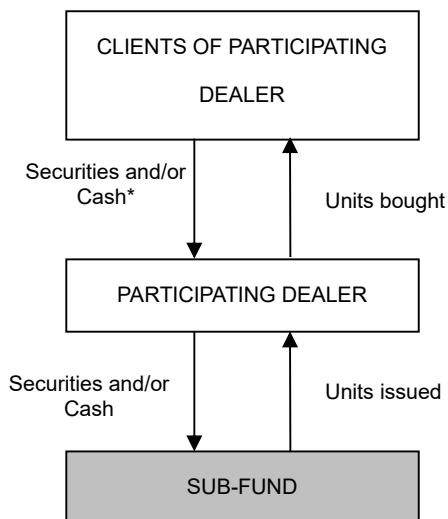
"After Listing" commences on the Listing Date and continues until the Trust is terminated.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market.

Diagrammatic Illustration of Investment in a Sub-Fund

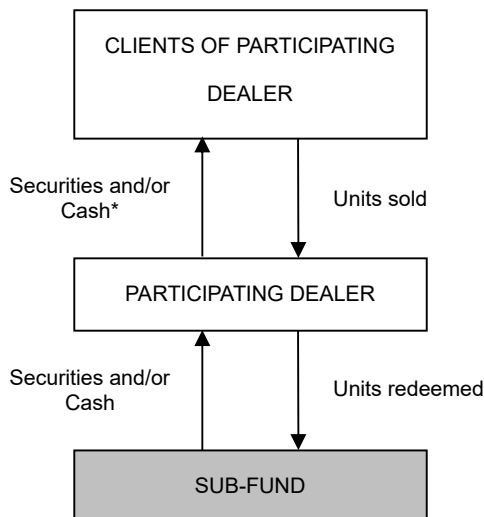
The diagrams below illustrate the issue or redemption and the buying or selling of Units:

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



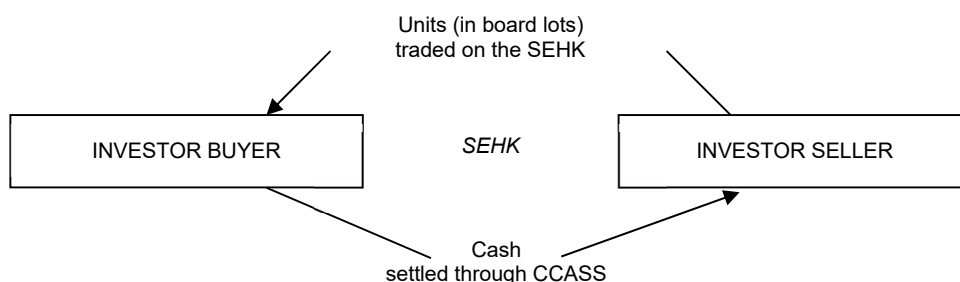
** Clients of a Participating Dealer may agree with the Participating Dealer settlement in a different currency to the creation currency.*

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



** Clients of a Participating Dealer may agree with the Participating Dealer settlement in a different currency to the redemption currency.*

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



Summary of Offering Methods and Related Fees

Initial Offer Period

<u>Method of Offering*</u>	<u>Minimum Number of Units (or multiple thereof)</u>	<u>Channel</u>	<u>Available to</u>	<u>Consideration, Fees and Charges**</u>
Cash creation	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Cash Transaction Fee Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges
In-kind creation	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Portfolio of Securities Cash component Transaction Fee Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges

After Listing

<u>Method of Acquisition or Disposal of Units*</u>	<u>Minimum Number of Units (or multiple thereof)</u>	<u>Channel</u>	<u>Available to</u>	<u>Consideration, Fees and Charges**</u>
Purchase and sale in cash through brokers on the SEHK (secondary market)	Trading Board Lot Size (see relevant Appendix)	On the SEHK	Any investor	Market price of Units on SEHK Brokerage fees and Duties and Charges
Cash creation and redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Cash Transaction Fee Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges
In-kind creation and redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Portfolio of Securities Cash component Transaction Fee Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges

* The methods of creation available to the Participating Dealers in respect of each Sub-Fund, whether in-kind or in cash, are specified in the relevant Appendix.

** Please refer to "Fees and Expenses" for further details. The currency for payment of subscription monies is specified in the relevant Appendix.

INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS, SECURITIES LENDING AND BORROWING

Investment Objective

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

Investment Strategy

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

Replication Strategy

Where a Sub-Fund adopts a replication strategy as its investment strategy, it will invest in substantially all the Securities constituting the Index in substantially the same weightings (i.e. proportions) as these Securities have in the Index. When a Security ceases to be a constituent of the Index, rebalancing occurs which involves, among other things, selling the outgoing Security and potentially using the proceeds to invest in the incoming Security.

Representative Sampling Strategy

Where a Sub-Fund adopts a representative sampling strategy as its investment strategy, it will invest, directly or indirectly, in a representative sample of the Securities in the relevant Index that collectively reflects the investment characteristics of such Index and aims to replicate its performance. A Sub-Fund adopting a representative sampling strategy may or may not hold all of the Securities that are included in the relevant Index, and may hold a portfolio of Securities which are not included in the Index, provided that these collectively feature a high correlation with the Index.

Switching Between Strategies

Whilst the replication strategy is likely to track the performance of the relevant Index more closely when compared to the representative sampling strategy, it may not be the most efficient way to do so. Also, it may not always be possible or it may be difficult to buy or hold certain Securities comprising the Index. The Sub-Manager may therefore, in the appropriate circumstances and under the Manager's ongoing supervision and regular monitoring, choose to use a representative sampling strategy, having regard to the number of Securities constituting the Index, the liquidity of such Securities, any restrictions on the ownership of such Securities, the transaction expenses and other trading costs, and tax and other regulatory restrictions.

Investors should note that the Sub-Manager may switch between the above investment strategies, without prior notice to investors, in its absolute discretion as it believes appropriate in order to achieve the investment objective of the relevant Sub-Fund by tracking the relevant Index as closely (or efficiently) as possible for the benefit of investors.

In addition to the investment strategies set out above, a Sub-Fund may be launched with synthetic or futures-based strategies as described in the relevant Appendix for each such Sub-Fund.

Investment Restrictions

If any of the restrictions or limitations is breached in respect of a Sub-Fund, the Sub-Manager will, under the Manager's ongoing supervision and regular monitoring, 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 compliance with the investment and borrowing

limitations set out in the constitutive documents and the conditions under which a Sub-Fund was authorised.

Unless otherwise specifically provided for in the relevant Appendix, the investment restrictions applicable to each Sub-Fund (that are included in the Trust Deed) are summarised below:

- (a) the aggregate value of a Sub-Fund's investments in, or exposure to, any single entity through the following may not exceed 10% of the 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 financial derivative instrument ("FDI"); and
 - (3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;
- (aa) notwithstanding sub-paragraph (a) above, more than 10% of the latest available Net Asset Value of an Index Tracking Sub-Fund may be invested in constituent securities issued by a single entity provided that:
 - (1) it is limited to any constituent securities that each accounts for more than 10% of the weighting of the Index; and
 - (2) the Index Tracking Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the Index, except where weightings are exceeded as a result of changes in the composition of the Index and the excess is only transitional and temporary in nature;
- (ab) investment restrictions in sub-paragraphs (aa)(1) and (aa)(2) above do not apply if:
 - (1) an Index Tracking Sub-Fund adopts a representative sampling strategy which does not involve the full replication of the constituent securities of the Index in the exact weightings of such Index;
 - (2) the strategy is clearly disclosed in the relevant Appendix of the Index Tracking Sub-Fund;
 - (3) the excess of the weightings of the constituent securities held by the Index Tracking Sub-Fund over the weightings in the Index is caused by the implementation of the representative sampling strategy;
 - (4) any excess weightings of the Index Tracking Sub-Fund's holdings over the weightings in the Index must be subject to a maximum limit reasonably determined by the Index Tracking Sub-Fund after consultation with the SFC. In determining this limit, the Index Tracking 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;
 - (5) limits laid down for the Index Tracking Sub-Fund pursuant to sub-paragraph (ab)(4) must be disclosed in the relevant Appendix of the Index Tracking Sub-Fund; and
 - (6) disclosure must be made in the Index Tracking Sub-Fund's interim and annual financial reports as to whether the limits imposed for the Index Tracking Sub-Fund itself pursuant to sub-paragraph (ab)(4) have been complied with in full.
- (b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of a Sub-Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the Net Asset Value

of the Sub-Fund:

- (1) investments in Securities issued by such entities;
 - (2) exposure to such entities through underlying assets of FDIs; and
 - (3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;
- (c) unless otherwise approved by the SFC, the value of a Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the 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;
- (d) ordinary shares issued by any single entity held for the account of a Sub-Fund, when aggregated with other holdings 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 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 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 SFC, a Sub-Fund which has been authorised by the SFC as an index fund may exceed the 30% limit in (g) and may invest all of its assets in Government and other Public Securities in any number of different issues;

- (i) unless otherwise approved by the SFC, a Sub-Fund may not invest in physical commodities;
- (j) for the avoidance of doubt, exchange traded funds that are:
 - (1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or
 - (2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (x) listed Securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (y) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in exchange traded funds shall be subject to paragraph (e) above and the relevant investment limits in exchange traded funds by 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 SFC) and not authorised by the SFC may not in aggregate exceed 10% of the 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 SFC or eligible schemes (as determined by the SFC), but the value of the Sub-Fund's investment in units or shares in each such underlying scheme may not exceed 30% of the Net Asset Value of the Sub-Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the Prospectus of the Sub-Fund,

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

- (i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, a Sub-Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total Net Asset Value, and exchange traded funds satisfying the requirements in paragraph (j) above in compliance with paragraph (k)(1) and (k)(2);
- (ii) where the underlying schemes are managed by the same management company as that of a Sub-Fund that invests in them, 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 the Sub-Manager or any of their Connected Persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and
 - (4) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the management company 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 Assets Value in a single collective investment scheme and may be authorised as a feeder fund by the SFC. In this case:
- (1) the underlying scheme (“master fund”) must be authorised by the SFC;
 - (2) the 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 and its master fund will be deemed a single entity;
 - (iii) the Sub-Fund’s annual report must include the investment portfolio of the master fund as at the financial year end date; and
 - (iv) the aggregate amount of all the fees and charges of the Sub-Fund and its underlying master fund must be clearly disclosed;
 - (3) unless otherwise approved by the SFC, no increase in the overall total of initial charges, redemption charges, management company's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by the Sub-Fund may result, if the master fund in which the Sub-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 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):

- (A) invest in a security of any class in any company or body if any director or officer of the Manager or the Sub-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 or the Sub-Manager collectively own more than 5% of those securities;
- (B) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs)). Where investments are made in listed REITs, the requirements under sub-paragraphs (a), (b) and (d) apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under sub-paragraphs (e) and (k)(1) apply respectively;
- (C) make short sales if as a result such Sub-Fund would be required to deliver Securities exceeding 10% of the 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);

- (D) 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;
- (E) subject to (e), assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;
- (F) enter into any obligation in respect of 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
- (G) 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 SFC under the Code is usually restricted from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single entity exceeding 10% of the collective investment scheme's total net asset value. Given the investment objective of each Sub-Fund and nature of the relevant Index, a Sub-Fund is allowed under Chapter 8.6(h) of the Code to hold investments in Securities of any single entity exceeding 10% of the relevant Sub-Fund's latest available 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 Sub-Manager may, under the Manager's ongoing supervision and regular monitoring, cause a Sub-Fund to deviate from the Index weighting (in pursuing a representative sampling strategy) under Chapter 8.6(h)(a) of the Code on the condition that the maximum deviation from the index weighting of any constituent will not exceed the percentage as determined by the Manager and the Sub-Manager (as applicable) after consultation with the SFC, as disclosed in the relevant Appendix. The Manager and the Sub-Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit. The annual and interim financial statements of the relevant Sub-Fund shall also disclose whether or not such limit has been complied with during such period and account for any non-compliance in those reports.

Financial Derivative Instruments

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

Where a Sub-Fund acquires FDIs for hedging purpose (as indicated in the relevant Appendix), such FDIs acquired by the Sub-Fund shall meet all of the following criteria:

- (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.

The Manager, where it deems necessary, shall cause hedging arrangement to be adjusted or re-positioned, with due consideration on the fees, expenses and costs, to enable the relevant Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

Where indicated in the relevant Appendix, a Sub-Fund may acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that the Sub-Fund's net exposure relating to these FDIs ("net derivative exposure") does not exceed 50% of its total Net Asset Value (unless otherwise approved by the SFC for a Sub-Fund pursuant to Chapter 8 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 positions;
- (b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time; and
- (c) FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

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

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

- (a) the underlying assets consist solely of shares in companies, debt Securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates or currencies or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies. Where a Sub-Fund invests in index-based financial derivative instruments, the underlying assets of such financial derivative instruments are not required to be aggregated for the purposes of the investment restrictions or limitations set out in paragraphs (a), (b), (c) and (g) under the sub-section headed "Investment Restrictions" above provided that the index is in compliance with the requirements under 8.6(e) of the Code;
- (b) the counterparties to over-the-counter FDI transactions or their guarantors are substantial financial institutions;
- (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; 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, agent or delegate independent of the issuer of the FDIs through such measures as may be established from time to time such as the establishment of a valuation committee or engagement of third party services and 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 / 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 and the Sub-Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis. 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 and the Sub-Manager consider 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.

The above policies relating to FDIs apply to financial instruments which embed financial derivatives as well.

Collateral

Collateral received from counterparties shall comply with the following requirements:

- Liquidity – collateral must be sufficiently liquid and tradable that it can be sold quickly at a robust price that is close to pre-sale valuation, and should normally trade in a deep and liquid marketplace with transparent pricing;
- Valuation – collateral should be marked-to-market daily by using independent pricing source;
- Issuer credit quality – asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;
- Haircut - collateral should be subject to prudent haircut policy which should be based on the market risks of the assets;
- 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 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B, and 7.14 of the Code;
- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs in such a way that 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 and the Sub-Manager shall 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;
- Cash collateral - cash collateral received may only be reinvested in short-term deposits,

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

- Encumbrances - collateral should be free of prior encumbrances; and
- Collateral 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 and the Sub-Manager for the Sub-Funds:

- eligible collateral include cash, cash equivalents, government bonds, supranational bonds, corporate bonds, stocks, funds and money market instruments;
- 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;
- collateral must be of high credit quality (e.g. BBB- or higher by Moody's or Standard & Poor's or equivalent);
- the issuer of collateral must be an independent counterparty approved by the Sub-Manager and is expected to have a minimum credit rating of BBB- or above (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised credit rating agencies) or be a licensed corporation with the SFC or registered institution with the Hong Kong Monetary Authority when entering into such transactions;
- the haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the collateral policy. Subject to the framework of agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the intention of the Sub-Manager that any collateral received shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate;
- the collateral would be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer. When a Sub-Fund is exposed to different counterparties the different baskets of collateral should be aggregated to calculate the exposure to a single 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; and
- the maximum amount available for cash collateral re-investment does not extend beyond the value of the instrument in which such investment is initially made.

Securities Financing Transactions

Where indicated in the relevant Appendix, a Sub-Fund may enter into securities lending transactions, sale and repurchase transactions, reverse repurchase transactions and other similar

over-the-counter 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, 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 (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 an independent counterparty approved by the Manager or the Sub-Manager and is expected to have a minimum credit rating of BBB- or above (by Moody's or Standard & Poor's), or any other equivalent ratings by recognised credit rating agencies) or be a licensed corporation with the SFC or registered institution with the Hong Kong Monetary Authority when entering into such transactions. Subject to the above criteria there is no requirement on the country of origin of the counterparty;
- (b) the Trustee, upon the instruction of the Manager or the Sub-Manager, will take collateral, which will be cash or high quality money market instruments, and in case of reverse repurchase transactions, also include government securities receiving a favourable assessment on credit quality, with value greater than or equal to the value of the securities lent, and the collateral agent (who may be the Trustee or a third party to be appointed by the Trustee at the direction of the Manager/Sub-Manager or by the Manager/Sub-Manager directly, as may from time to time be agreed between them) will review its value on a daily basis to ensure that it is at least of a value equivalent to the borrowed securities, and such collateral must meet the collateral policies described in this Prospectus;
- (c) 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
- (d) where any securities lending transaction has been arranged through the Trustee or a Connected Person of the Trustee or the Manager or the Sub-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 (the fees will be disclosed in the connected party transaction section of the relevant Sub-Fund's annual financial reports).

Borrowing

Borrowing is allowed up to a maximum of 10% of the latest available Net Asset Value of each Sub-Fund. Where the Manager and the Sub-Manager so determine, a Sub-Fund's permitted borrowing level may be a lower percentage as set out in the relevant Appendix. The Trustee may at the request of the Manager and the Sub-Manager borrow for the account of a Sub-Fund any currency, and charge or pledge assets of a Sub-Fund, for the following purposes:

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

- (b) enabling the Manager and the Sub-Manager to acquire Securities for the account of each Sub-Fund; or
- (c) for any other proper purpose as may be agreed by the Manager, the Sub-Manager and the Trustee.

THE OFFSHORE RMB MARKET

What led to RMB internationalisation?

RMB is the lawful currency of the PRC. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of RMB is no longer pegged to USD, 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 9.2% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. As the PRC's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

Accelerating the pace of the RMB internationalisation

The PRC has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC financial institutions to issue RMB bonds in Hong Kong. As of the end of June 2017, there are 140 authorised institutions in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB526 billion, as compared to just RMB63 billion in 2009. As at the end of December 2016, the total size of RMB bond issuances outstanding (including Certificates of Deposit) amounted to about RMB587.4 million.

The pace of RMB internationalisation has accelerated since 2009 when the PRC authorities permitted cross-border trade between Hong Kong / Macau and Shanghai/four Guangdong cities, and between ASEAN and Yunnan/Guangxi, to be settled in RMB. In June 2010, the arrangement was expanded to 20 provinces / municipalities on the PRC and to all countries / regions overseas. In 2016, about RMB4,542 billion worth of cross-border trade was settled in Hong Kong using RMB.

RMB deposits in Hong Kong



Data source: Bloomberg, as of end June 2017

Remittances for RMB cross-border trade settlement



Data source: Bloomberg, as of end June 2017

Onshore versus offshore RMB market

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

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

Notwithstanding that the offshore RMB market showed a meaningful growth during recent 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 USD 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

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

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

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

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 rank as USD 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 USD many decades to replace the British pound sterling to become a dominant reserve currency. It will also take time for

RMB to gain importance in coming years. RMB will not be in a position to challenge the USD's main reserve currency status for some time to come.

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in a Sub-Fund

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

The first method is to create Units at the Issue Price or redeem Units at the Redemption Value directly with the Sub-Fund in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participating Dealer Agreement in respect of the relevant Sub-Fund. Where a Sub-Fund has a Multi-Counter, although a Participating Dealer may, subject to arrangement with the Manager, elect to CCASS to have Units which it creates deposited in, or Units which it redeems withdrawn from, USD counter, RMB counter or HKD counter, all creation and redemption for all Units must be in the base currency of that Sub-Fund. Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals. Participating Dealers are under no obligations to create or redeem Units for their clients and may impose terms, including charges, for handling creation or redemption orders as they determine appropriate, as described in more detail in this section.

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

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

Creation of Units Through Participating Dealers

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

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

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

- (a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;
- (b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;
- (c) where acceptance of the creation request or any Security in connection with such creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements; or

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

Requirements Relating to Creation Requests by Potential Investors

The methods and currency of creation available to the Participating Dealers in respect of each Sub-Fund, whether in-kind (i.e. the creation of Units in exchange for a transfer of Securities) or in cash or both in-kind and in cash, are specified in the relevant Appendix. A Participating Dealer may in its absolute discretion require a creation request received from its client be effected in a particular method. The Manager nonetheless reserves its right to require a Creation Application be effected in a particular method. Specifically, the Manager has the right to (a) accept cash equal to or in excess of the market value at the Valuation Point for the relevant Dealing Day of such Security in lieu of accepting such Security as constituting part of the Creation Application; or (b) accept cash collateral on such terms as it determines if (i) such Security is likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee in connection with the Creation Application; or (ii) the Participating Dealer is restricted by regulation or otherwise from investing or engaging in a transaction in that Security.

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

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

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

Creation Process

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

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

- (a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant

Participating Dealer Agreement and the relevant Operating Guidelines;

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

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

- (a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;
- (b) where in the opinion of the Manager, acceptance of the Creation Application would have an adverse effect on the relevant Sub-Fund;
- (c) where, if relevant to a Sub-Fund, in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the relevant market on which a security (that is a constituent of the Index of the relevant Sub-Fund) has its primary listing;
- (d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the relevant Index;
- (e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;
- (f) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;
- (g) during any period when the business operations of the Manager, the Trustee or any delegate of the Trustee or the Manager, in relation to the creation of Units in the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- (h) an Insolvency Event occurs in respect of the relevant Participating Dealer.

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

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

Where the Manager accepts a Creation Application from a Participating Dealer, it shall instruct the

Registrar to effect (i) for the account of the Sub-Fund, the creation of Units in Application Unit size in exchange for a transfer of cash and/or Securities (at the discretion of the Participating Dealer but subject to the Manager's agreement); and (ii) the issue of Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

Issue of Units

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

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

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

The creation and issue of Units pursuant to a Creation Application shall be effected on the Dealing Day for which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but, for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received and the register will be updated on the relevant Settlement Day or the Dealing Day immediately following the Settlement Day if the settlement period is extended. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application (or if the Dealing Deadline for a Sub-Fund is on the Business Day before a Dealing Day, the relevant Dealing Day for the purposes of that Creation Application shall be the Dealing Day after the day the Creation Application is treated as having been received).

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

Fees Relating to Creation Applications

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

In relation to cash creation of Units, the Manager reserves the right to require the Participating Dealer to pay or cause to be paid an additional sum as the Manager in its discretion considers appropriate for the Duties and Charges. The Participating Dealer may pass on to the relevant investor such additional sum.

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

Cancellation of Creation Applications

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

The Trustee, after consultation with the Manager may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received good title to all Securities and/or cash (including Transaction Fees, Duties and Charges) relating to the Creation Application by the Settlement Day, provided that the Manager may at its discretion, with the approval of the Trustee (a) extend the settlement period (either for the Creation Application as a whole or for a particular Security) such extension to be on such terms and conditions (including as to the payment of an Extension Fee to the Manager or the Trustee or their Connected Persons or otherwise) as the Manager may determine and in accordance with the provisions of the Operating Guidelines; or (b) partially settle the Creation Application to the extent to which Securities and/or cash has been vested in the Trustee, on such terms and conditions the Manager may determine including terms as to any extension of the settlement period for the outstanding Securities or cash.

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

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

- (a) the Trustee may charge the relevant Participating Dealer an application cancellation fee (see the section on "Fees and Expenses" for further details);
- (b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;
- (c) the Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and
- (d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

Redemption of Units Through Participating Dealers

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

A Participating Dealer may redeem Units on any Dealing Day for its own account or for the account

of its clients in accordance with the Operating Guidelines, by submitting a Redemption Application to the Manager (with a copy to the Trustee and the Registrar).

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

- (a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;
- (b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Index;
- (c) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements; or
- (d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the redemption request.

Requirements Relating to Redemption Requests by Potential Investors

The methods and currency of redemption available to the Participating Dealers in respect of each Sub-Fund, whether in-kind (i.e. the redemption of Units in exchange for a transfer of Securities plus any cash amount) or in cash only, are as set out in the relevant Appendix. A Participating Dealer may in its absolute discretion require a redemption request received from its client be effected in a particular method. The Manager nonetheless reserves its right to require a Redemption Application be effected in a particular method. Specifically, the Manager has the right to instruct the Trustee to deliver cash equivalent of any Security in connection with the Redemption Application to the Participating Dealer if (a) such Security 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 Security.

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

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

Redemption Process

A Participating Dealer may from time to time submit Redemption Applications in respect of a Sub-Fund to the Manager (with a copy to the Trustee and the Registrar), following receipt of redemption

requests from clients or where it wishes to redeem Units of the relevant Sub-Fund for its own account.

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

To be effective, a Redemption Application must:

- (a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participating Dealer Agreement and the relevant Operating Guidelines;
- (b) specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and
- (c) include the certifications required in the Participating Dealer Agreement and Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of counsel (if any) as each of the Trustee and the Manager may separately consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

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

- (a) any period during which (i) the creation or issue of Units of the relevant Sub-Fund, (ii) the redemption of Units of the relevant Sub-Fund, and/or (iii) the determination of Net Asset Value of the relevant Sub-Fund is suspended;
- (b) where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on either the relevant Sub-Fund or on a market on which a security (that is a constituent of the Index of the relevant Sub-Fund) has its primary listing;
- (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 Index;
- (d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;
- (e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or
- (f) during any period when the business operations of the Manager, the Trustee or any delegate of the Trustee or the Manager in relation to the redemption of Units in the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

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

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

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

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

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

Redemption of Units

Any accepted Redemption Application will be effected on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and the Trustee) has been received and provided further that the Trustee shall have received (unless otherwise provided in the Operating Guidelines) the full amount of any amount payable by the Participating Dealer including the Transaction Fee and any other Duties and Charges have been either deducted or otherwise paid in full.

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

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit of a Sub-Fund on the relevant Dealing Day rounded to the nearest 4 decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down). The benefit of any rounding adjustments will be retained by the Sub-Fund. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received.

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

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

Fees Relating to Redemption Applications

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

in respect of such Redemption Application(s)) for the benefit of the Trustee, the Registrar and/or the Service Agent. See the section on “Fees and Expenses” for further details.

In relation to cash redemption of Units, notwithstanding the aforesaid regarding the redemption and cancellation of units based on Net Asset Value, the Manager may require the Participating Dealer to pay an additional sum as the Manager in its discretion considers appropriate for the Duties and Charges. The Participating Dealer may pass on to the relevant investor such additional sum.

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

Cancellation of Redemption Applications

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

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

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

- (a) the Trustee may charge the relevant Participating Dealer an application cancellation fee (see the section on “Fees and Expenses” for further details);
- (b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the relevant Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities made a Creation Application in accordance with the provisions of the Trust Deed plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;
- (c) the Transaction Fee in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on “Fees and Expenses” for further details); and
- (d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

Deferred Redemption

In the event that redemption requests are received for the redemption of Units representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund as accepted by the SFC) of the total number of Units in a Sub-Fund then in issue, the Manager may direct the Trustee to reduce the requests rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may

determine in respect of a Sub-Fund as accepted by the SFC) of the Units in the relevant Sub-Fund then in issue. Units which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the relevant Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund as accepted by the SFC) of the Units in the relevant Sub-Fund then in issue) in priority to any other Units in the relevant Sub-Fund for which redemption requests have been received. Units will be redeemed at the Redemption Value prevailing on the Dealing Day on which they are redeemed.

Suspension of Creations and Redemptions

The Manager may at its discretion (after consultation with the Trustee and, in respect of redemptions, where practicable following consultation with the relevant Participating Dealers), suspend the creation or issue of Units of any Sub-Fund, suspend the 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 in respect of any Creation Application and/or Redemption Application in the following circumstances:

- (a) during any period when trading on the SEHK or any other Recognised Stock Exchange or Recognised Futures Exchange is restricted or suspended;
- (b) during any period when a market on which a Security (that is a constituent of the Index of the relevant Sub-Fund) has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed;
- (c) during any period when dealing on a market on which a Security (that is a constituent of the Index of the relevant Sub-Fund) has its primary listing is restricted or suspended;
- (d) during any period when, in the opinion of the Manager, settlement or clearing of Securities in the official clearing and settlement depository (if any) of such market is disrupted;
- (e) during the existence of any state of affairs as a result of which delivery or purchase of Securities, as appropriate or disposal of investments for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant Sub-Fund;
- (f) during any period when the relevant Index is not compiled or published;
- (g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities or other property for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (h) during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended or if any circumstance specified in the section on "Suspension of Determination of Net Asset Value" below arises; or
- (i) during any period when the business operations of the Manager, the Trustee or any delegate of the Trustee or the Manager in respect of the creation or redemption of Units in the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

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% of the ordinary shares issued by any single issuer or such other percentage

permitted in the section “Investment Objective, Strategy and Restrictions, Securities Lending and Borrowing”. In addition, where all the Sub-Funds under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders and unitholders of other Sub-Funds concerned.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on the Trust’s website at <https://cicchkam.com> (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC) or in such other publications as it decides.

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

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

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

Evidence of Unitholding

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

Restrictions on Unitholders

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

- (a) a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager’s opinion, might result in the Trust or the Sub-Fund suffering any adverse effect which the Trust or the Sub-Fund might not otherwise have suffered; or
- (b) in the circumstances which, in the Manager’s opinion, may result in the Trust or the Sub-Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the Sub-Fund might not otherwise have incurred or suffered.

The foregoing would include acquisition or holding of Units by any person or entity classified by the Manager as a “U.S. Person” due to such person or entity being subject to certain investment restrictions and/or restrictions relating to the direct or indirect holding of Units as may be mandated under applicable U.S. laws and regulations (including any U.S. governmental orders or sanctions)

which holding would result in any of the repercussions set out above or as provided in the Trust Deed.

The Manager may also restrict or prevent the ownership of Units by any “Unauthorised US Person”, being (i) a U.S. person within the meaning of Rule 902 of the United States Securities Act of 1933, (ii) a US resident within the meaning of the United States Investment Company Act of 1940 or (iii) any person that would not qualify as a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv), in accordance with the Trust Deed.

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

Transfer of Units

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager subject to the provisions of the Trust Deed. As all Units will be held in CCASS, an investor is entitled to transfer Units held by him by using the standard transfer form issued by SEHK or by an instrument in writing in such other form (and if the transferor or the transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution) as the Trustee may from time to time approve. 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. If and to the extent that all Units are deposited, cleared and settled in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a participant of CCASS and to whose account any Units are for the time being allocated in accordance with the General Rules of CCASS and CCASS Operating Procedures.

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

General

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

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

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

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

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

The Listing Committee of the SEHK has approved the listing of, and permission to deal in, the Units in the CICC KraneShares CSI China Internet Index ETF.

The Units in the CICC KraneShares CSI China Internet Index ETF are accepted as eligible securities by HKSCC for deposit, clearance and settlement in 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.

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

Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units of any Sub-Fund on one or more other stock exchanges.

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

Renminbi Equity Trading Support Facility

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

Investors should consult their financial advisers if they have any questions concerning the TSF. More information with regard to the TSF is available on HKEX's website http://www.hkex.com.hk/eng/market/sec_tradinfo/tsffx/tsffx.asp (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC).

Please also refer to the sub-sections on "General" and "Multi-Counter" in the relevant Appendix of the Sub-Fund for additional disclosures on secondary market trading.

DETERMINATION OF NET ASSET VALUE

Calculation of Net Asset Value

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

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

- (a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (in consultation with the Trustee) determines that some other method is more appropriate, be valued by reference to the official closing price or, if unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager after consultation with the Trustee; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the last traded prices as the case may be;
- (b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the latest available bid or offer price for such unit, share or other interest;
- (c) futures contracts will be valued based on the formulae set out in the Trust Deed;
- (d) except as provided for in paragraph (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended on behalf of the relevant Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may at the request of the Trustee cause a revaluation to be made on a regular basis by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);
- (e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager after consultation with the Trustee, any adjustment should be made to reflect the value thereof; and
- (f) notwithstanding the foregoing, the Manager may in consultation with the Trustee adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is required to fairly reflect the value of the investment.

Currency conversion will be performed at such rates as determined by the Manager (after consultation with the Trustee where the Manager considers appropriate) from time to time.

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

Suspension of Determination of Net Asset Value

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

- (a) there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the relevant Sub-Fund;
- (b) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise a substantial part of any Securities held or contracted for the account of the Sub-Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of the relevant Sub-Fund;
- (c) for any other reason the prices of investments of the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (d) there is any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities or other property for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (e) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, a substantial part of the Securities or other property of the relevant Sub-Fund or the subscription or redemption of Units of the relevant class is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange; or
- (f) the business operations of the Manager, the Trustee or any delegate of the Trustee or the Manager in relation to the determination of the Net Asset Value of the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

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

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on the Trust's website at <https://cicchkam.com> (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC) or in such other publications as the Manager decides.

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

Issue Price and Redemption Value

The Issue Price which is the subject of a Creation Application during the Initial Offer Period of a Sub-Fund will be a fixed amount per Unit, or a percentage of the closing level of the relevant Index (expressed in the base currency of the relevant Sub-Fund) as at the last day of the Initial Offer Period, rounded to the nearest 4 decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down), or such other amount from time to time determined by the Manager and approved by the Trustee. The Issue Price during the Initial Offer Period of each Sub-Fund will be set out in the relevant Appendix.

After the expiry of the Initial Offer Period, the Issue Price of Units created and issued by a Creation Application, will be the prevailing Net Asset Value of the relevant Sub-Fund as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest 4 decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down).

The Redemption Value on a Dealing Day shall be the prevailing Net Asset Value of the relevant Sub-Fund as at the relevant Valuation Point divided by the total number of Units in issue rounded

to the nearest 4 decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down).

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

The latest Net Asset Value of the Units will be available on the Trust's website at <https://cicchkam.com> (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC) or published in such other publications as the Manager decides.

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

FEES AND EXPENSES

There are different levels of fees and expenses applicable to investing in a Sub-Fund as set out below, current as at this date of this Prospectus.

Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)	CICC KraneShares CSI China Internet Index ETF
Transaction Fee and Service Agent's Fee	USD270 ¹ per Application and HKD1,000 ¹ per book-entry deposit and withdrawal transaction
Registrar fee	USD20 per transaction ¹
Application cancellation fee	USD1,285 ² per Application
Extension Fee	USD1,285 ³ per Application
Stamp duty	Nil
All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption	As applicable

Fees and expenses payable by investors	Amount (for all Sub-Funds)
<i>(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)</i>	
Fees and charges imposed by the Participating Dealer ⁴	Such amounts as determined by the relevant Participating Dealer
<i>(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)</i>	
Inter-counter transfer	HKD5.00 ⁵
Brokerage	Market rates
Transaction levy	0.0027% ⁶ of the trading price

¹ The Transaction Fee of USD270 is payable by a Participating Dealer to the Trustee for the benefit of the Trustee and/or Registrar. The Service Agent's fee of HKD1,000 is payable by a Participating Dealer to the Service Agent for each book-entry deposit or book-entry withdrawal transaction. The Registrar will charge a fee of USD20 for each Creation Application and Redemption Application. A Participating Dealer may pass on to the relevant investor such Transaction Fee.

² An application cancellation fee is payable to the Trustee for the account of the Registrar in respect of either a withdrawn or failed Creation Application or Redemption Application.

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

⁴ The Participating Dealer may increase or waive the level of its fees in its discretion. Information regarding these fees and charges is available upon request to the relevant Participating Dealer.

⁵ HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer from one counter to another (if applicable). Investors should check with their respective brokers regarding any additional fees.

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

FRC transaction levy	0.00015% ⁷ of the trading price
SEHK trading fee	0.005% ⁸ of the trading price
Stamp duty	Nil

Fees and expenses payable by a Sub-Fund	See Appendix
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No money should be paid to any intermediary in Hong Kong which is not licensed or registered to carry on Type 1 regulated activity under Part V of the SFO.

Fees and Expenses Payable by a Sub-Fund

Management Fee

The Manager is entitled to receive a management fee of up to 3% per year of the Net Asset Value of a Sub-Fund. The current management fee percentage in respect of each Sub-Fund is set out in the relevant Appendix and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund. The Manager is responsible for the remuneration of the Sub-Manager.

A Sub-Fund may employ a single management fee structure, and details will be set out in the relevant Appendix of the Sub-Fund. For a Sub-Fund which does not employ a single management fee structure, the following fees and expenses may be payable out of and borne by the relevant Sub-Fund: The Trustee's fee, Registrar's fees, custodian's fees, fees of Service Agents, fees and expenses of the auditors, ordinary out-of-pocket expenses incurred by the Manager or the Trustee and costs and expenses of licensing the Index used in connection with the Sub-Fund.

The Manager may pay a distribution fee to any distributor or sub-distributors of a Sub-Fund out of the management fees it receives from the relevant Sub-Fund. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

Trustee's fee

The Trustee is entitled to receive out of the assets of each Sub-Fund a monthly trustee fee, payable in arrears, accrued daily and calculated as at each Dealing Day, of up to 1% per year of the Net Asset Value of a Sub-Fund. For a Sub-Fund which does not employ a single management fee structure, the applicable trustee fee percentage is set out in the Appendix of the relevant Sub-Fund. The Trustee is also entitled to various transaction, processing fees and safekeeping fees (including custodian's fees) and to be reimbursed out of the assets of the relevant Sub-Fund all out-of-pocket expenses incurred (including sub-custody fees and expenses). The Trustee is also entitled to receive a fee in its capacity as the Registrar.

The trustee fee will be included in the Management Fee if a Sub-Fund employs a single management fee structure.

The trustee fee may be increased by agreement with the Manager up to the maximum on giving one month's notice to the Unitholders.

Estimated Ongoing Charges

The estimated ongoing charges of any newly established Sub-Fund are the sum of anticipated

⁷ FRC transaction levy, presently 0.00015% of the trading price of the Units, payable by each of the buyer and the seller.

⁸ Trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.

ongoing expenses of the relevant Sub-Fund expressed as a percentage of its estimated average Net Asset Value, and the actual ongoing charges of any existing Sub-Fund are the sum of actual ongoing expenses of the relevant Sub-Fund expressed as a percentage of its actual average Net Asset Value. The ongoing charges figure is disclosed in the product key facts statement of each Sub-Fund. Where a Sub-Fund is newly established the Manager will make a best estimate of the ongoing charges and keep such estimate under review. The establishment costs of a Sub-Fund may also be included in the ongoing charges calculation payable by a Sub-Fund and in those cases will be clearly disclosed. Ongoing expenses may be deducted from the assets of a Sub-Fund where these are permitted by the Trust Deed, the Code and the law. These include all types of costs borne by a Sub-Fund, whether incurred in its operation or the remuneration of any party. The estimated or actual ongoing charges do not represent the estimated or actual tracking error, may be different upon actual operation and may vary from year to year.

Promotional Expenses

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

Establishment Costs

Part of the cost of establishing the Trust, and the cost of establishing the initial Sub-Fund (CICC KraneShares CSI China Internet Index ETF) including the preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs will be borne by the initial Sub-Fund (unless otherwise determined by the Manager) and will be amortised over the first 5 financial years of the initial Sub-Fund or such other period as determined by the Manager after consulting the Auditor. Such establishment costs are estimated to be HKD1,100,000. The attention of investors is drawn to the risk factor entitled "Valuation and accounting risk".

Increase in Fees

The current fees in respect of each Sub-Fund payable to the Manager as described in the relevant Appendix may be increased on not less than one month's notice to Unitholders, subject to the maximum rates set out in the Trust Deed.

RISK FACTORS

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

Risks Associated with Investment in Any Sub-Fund

Investment Objective Risk

There is no assurance that the investment objective of a Sub-Fund will be achieved. Whilst it is the intention of the Manager and the Sub-Manager to implement strategies which are designed to minimise tracking error, there can be no assurance that these strategies will be successful. In addition, trading errors are an intrinsic factor in any investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. It is possible that you as an investor may lose a substantial proportion or all of its investment in a Sub-Fund where the relevant Index value declines. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the relevant Sub-Fund.

Market Risk

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

Asset Class Risk

Although the Sub-Manager is, under the Manager's ongoing supervision and regular monitoring, responsible for the continuous supervision of the investment portfolio of each Sub-Fund, the returns from the types of Securities in which the Sub-Fund invests may underperform or outperform 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.

Passive Investment Risk

The Sub-Funds are not actively managed. Accordingly, a Sub-Fund may be affected by a decline in the market segments relating to the relevant Index or Indices. The Sub-Manager will not take defensive positions in declining markets. Investors may lose a significant part of their respective investments if the Index falls. Each Sub-Fund invests in the Securities included in or representative of the relevant Index regardless of their investment merit, except to the extent of any representative sampling strategy. The Sub-Manager does not attempt to select securities individually or to take defensive positions in declining markets. Investors should note that the lack of discretion on the part of the Sub-Manager, under the Manager's ongoing supervision and regular monitoring, to adapt to market changes due to the inherent investment nature of the Sub-Fund will mean a decline in the Index or Indices are expected to result in corresponding falls in the Net Asset Values of the

Sub-Fund, and investors may lose substantially all of their investment.

Representative Sampling Risk

With a representative sampling strategy, a Sub-Fund does not hold all of the Securities in its Index and may invest in Securities not included in its Index, provided that the sample closely reflects the overall characteristics of the Index which the Sub-Manager believes will help the Sub-Fund achieve its investment objective. The Securities held by a Sub-Fund may also be over or underweight relative to the Securities in its Index. It is therefore possible that a Sub-Fund may be subject to larger tracking error.

Possible Business Failure Risk

Global markets may experience very high levels of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more of the constituents of the Index may have an adverse effect on the Index's and therefore the relevant Sub-Fund's performance. You may lose money by investing in any Sub-Fund.

Management Risk

Because there can be no guarantee that each Sub-Fund will fully replicate the relevant Index, it is subject to management risk. This is the risk that the Sub-Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Sub-Manager, under the Manager's ongoing supervision and regular monitoring, has absolute discretion to exercise Unitholders' rights with respect to Securities comprising a Sub-Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of a Sub-Fund being achieved.

Single Country / Concentration Risk

A Sub-Fund may be subject to concentration risk as a result of tracking the performance of a single geographical region or country (such as the PRC) or industry sector, and the Index may be comprised of a limited number of securities. A Sub-Fund may therefore likely be more volatile than a broad-based fund, such as a global equity fund, as it is more susceptible to fluctuations in value of the Index resulting from adverse conditions in the particular geographical region, country or industry sector. Where a Sub-Fund's Index tracks a particular region or country or industry sector or where the Index has a small number of constituents, risk factors specific to the relevant Sub-Fund are set out in its Appendix. Please refer to each Sub-Fund's Appendix for details.

Securities Risk

The investments of each 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 may experience very high levels of volatility and instability, resulting in higher levels of risk than is customary (including settlement and counterparty risks).

Counterparty Risk

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a Sub-Fund and settle a transaction in accordance with market practice. A Sub-Fund may be exposed to the risk of a counterparty through investments.

Equity Risk

Investment in equity Securities by a Sub-Fund (where permitted) may offer a higher rate of return than a fund investing in short term and longer term debt securities. However, the risks associated with investments in equity Securities may also be higher, because the investment performance of equity Securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the

investments it holds might suddenly and substantially decrease in value.

Tracking Error Risk

A Sub-Fund's returns may deviate from the Index due to a number of factors. For example, the fees and expenses of a Sub-Fund, any adoption of a representative sampling strategy, liquidity of the market, imperfect correlation of returns between a Sub-Fund's assets and the Securities constituting its Index, rounding of share prices, foreign exchange costs, changes to an Index and regulatory policies may affect the Sub-Manager's ability to achieve close correlation with the Index of each Sub-Fund. Further, a Sub-Fund may receive income (such as interests and dividends) from its assets while the Index does not have such sources of income. There can be no guarantee or assurance of exact or identical replication at any time of the performance of the Index or that a Sub-Fund will achieve its investment objective at any time of corresponding to the performance of the relevant Index. In addition there is no guarantee or assurance that the use of representative sampling strategy would help avoid the tracking error and each Sub-Fund's returns may therefore deviate from its Index.

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

Trading Risk

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

Trading Error Risk

Trading errors are an intrinsic factor in any investment process, and may occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

No Trading Market in the Units Risk

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

Indemnity Risk

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

Dividends May Not be Paid Risk

Whether a Sub-Fund will pay distributions on its Units is subject to the Manager's and the Sub-Manager's distribution policy (as described in the relevant Appendix) and also mainly depends on dividends declared and paid in respect of the Securities comprising the Index. In addition, dividends received by a Sub-Fund may be applied towards meeting the costs and expenses of that Sub-Fund. Dividend payment rates in respect of such Securities will depend on factors beyond the control of the Manager, the Sub-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.

Early Termination Risk

A Sub-Fund may be terminated early under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than USD10 million; or (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the relevant Sub-Fund; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed; or (iv) the relevant Index is no longer available for benchmarking or if the Units are no longer listed on the SEHK or any other Recognised Stock Exchange; or (v) at any time, the relevant Sub-Fund ceases to have any Participating Dealer. Upon a Sub-Fund being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the relevant Sub-Fund to the Unitholders in accordance with the Trust Deed. Investors may suffer a loss where a Sub-Fund is terminated because any such amount distributed may be more or less than the capital invested by the Unitholder.

Foreign Exchange Risk

If a substantial portion of the revenue and income of a Sub-Fund is received in a currency other than USD, any fluctuation in the exchange rate of the USD relative to the relevant foreign currency will affect the Net Asset Value of a Sub-Fund denominated in the USD regardless of the performance of its underlying portfolio. If the relevant Sub-Fund's Net Asset Value is determined on the basis of the USD, an investor may lose money if it invests in any Sub-Fund if the local currency of a foreign market depreciates against the USD, even if the local currency value of an investment fund's holdings goes up.

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.

Risk Associated with the PRC

Economic, Political and Social Risks of the PRC

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

Although the majority of productive assets in the PRC are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of the PRC and a high level of management autonomy. The economy of the PRC has experienced significant growth in the past 25 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 25 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in the PRC as well as the underlying Securities of a Sub-Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of a Sub-Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the Securities in a Sub-Fund's portfolio.

PRC Laws and Regulations Risk

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

Restricted Markets Risk

A Sub-Fund may invest in Securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of such Sub-Fund holdings as compared to the performance of the Index. This may increase the risk of tracking error and, at the worst, a Sub-Fund may not be able to achieve its investment objective.

Accounting and Reporting Standards Risk

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

Changes in PRC Taxation risk

The PRC Government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC companies and foreign investors in such companies. Please also refer to the section below entitled “PRC Taxation”.

Risks associated with N-Shares

N-Shares are securities of companies with business operations in China and listed on a US stock exchange, such as NYSE, NASDAQ or the American Stock Exchange. Because companies issuing N-Shares often have business operations in China, they are subject to certain political and economic risks in China. The American stock market may behave very differently from the mainland Chinese stock market, and there may be little to no correlation between the performance of the two.

Risks associated with P-Chip Companies

P-Chip companies are often run by the private sector and have a majority of their business operations in China. P-Chip shares are traded in Hong Kong Dollars on the SEHK, and may also be traded by foreigners. Because they are traded on the SEHK, P-Chips are also subject to risks similar to those associated with investments in H-Shares. They are also subject to risks affecting their jurisdiction of incorporation, including any legal or tax changes.

Risks associated with Red Chip Companies

Red Chip companies are controlled, either directly or indirectly, by the central, provincial or municipal governments of the PRC. Red Chip shares are traded in Hong Kong Dollars on the SEHK and may also be traded by foreigners. Because Red Chip companies are controlled by various PRC governmental authorities, investing in Red Chips involves risks that political changes, social instability, regulatory uncertainty, adverse diplomatic developments, asset expropriation or nationalisation, or confiscatory taxation could adversely affect the performance of Red Chip companies. Red Chip companies may be less efficiently run and less profitable than other companies.

Risks associated with the RMB currency

RMB is not Freely Convertible and subject to Exchange Controls and Restrictions Risk

It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC government. Since 1994, the conversion of RMB into USD has been based on rates set by the PBOC, which are set daily based on the previous day's PRC interbank foreign exchange market rate. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value

of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, the PRC announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/-0.5% to +/-1%. Effective 11 August 2015 the RMB central parity is fixed against the USD by reference to the closing rate of the interbank foreign exchange market on the previous day (rather than the previous morning's official setting).

However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact a Sub-Fund. There can be no assurance that the RMB exchange rate will not fluctuate widely against the USD or any other foreign currency in the future.

Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, currently continue to be subject to significant foreign exchange controls and require the approval of the SAFE. On the other hand, the existing PRC foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Nevertheless, the Manager and the Sub-Manager cannot predict whether the PRC government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

RMB Trading and Settlement of Units Risk

The trading and settlement of RMB-denominated securities are recent developments in Hong Kong and there is no assurance that there will not be problem with the systems or that other logistical problems will not arise. Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in March, September and October 2011, some brokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, and there is no assurance of their readiness for dealing in RMB denominated securities. Investors should note that not all brokers may be ready and able to carry out trading and settlement of RMB traded Units and thus they may not be able to deal in the RMB traded Units through some brokers. Investors should check with their brokers in advance if they intend to engage Multi-Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Multi-Counter trading services.

Non-RMB or Late Settlement Redemption or Distributions Risk

Where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units or for distributions in RMB cannot, in the opinion of the Sub-Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee, the Manager and the Sub-Manager, redemption proceeds or distribution payments in RMB may be delayed or, if necessary in exceptional circumstances, redemption proceeds may be paid in USD or HKD instead of in RMB (at an exchange rate determined by the Sub-Manager after consultation with the Trustee). As such, there is a risk that investors may not be able to receive, through Participating Dealers, settlement upon a redemption of Units in RMB (and may receive USD or HKD) or may receive redemption proceeds or distribution payments in RMB on a delayed basis.

Exchange Rates Movement Between the RMB and Other Currencies Risk

Investors in RMB traded Units whose assets and liabilities are predominantly in HKD or in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and RMB. There is no guarantee that RMB will appreciate or depreciate in value against HKD or any other currency. If RMB appreciates in value, an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into HKD (or any other currency), and vice versa if RMB depreciates.

Future Movements in RMB Exchange Rates Risk

The exchange rate of RMB ceased to be pegged to US dollar on 21 July 2005, resulting in a more flexible RMB exchange rate system. China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of RMB against US dollar, Euro, Yen, British Pound and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of RMB against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollar and Hong Kong dollar, are susceptible to movements based on external factors.

There can be no assurance that such exchange rates will not fluctuate widely against US dollar, Hong Kong dollar or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for RMB against US dollar and the Hong Kong dollar was relatively stable. From 1994 to July 2005, the exchange rate for RMB against US dollar and the HK dollar was relatively stable. Since July 2005, the RMB has begun to appreciate until August 2015 when the PBOC introduced a one-off devaluation of RMB. There can be no assurance that RMB will not be subject to further devaluation. The future movements in RMB exchange rates are uncertain and the fluctuations may have a positive or negative impact on investors' investment in a Sub-Fund.

Offshore RMB ("CNH") Market Risk

The onshore RMB ("CNY") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since June 2010, the offshore RMB ("CNH") is traded officially, regulated jointly by the Hong Kong Monetary Authority and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy's of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets.

However, the current size of RMB-denominated financial assets outside the PRC is limited. As at 30 June 2016, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB712 billion. In addition, participating authorised institutions are also required by the Hong Kong Monetary Authority to maintain a total amount of RMB (in the form of cash and its settlement account balance with the Renminbi Clearing Bank) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting

from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions. Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the relevant settlement agreement between Hong Kong banks and the PBOC will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the ability of investors to acquire Units or to sell Units of a Sub-Fund affecting the liquidity and therefore the trading price of the Units on the SEHK. To the extent the Sub-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.

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.

Risks associated with depositary receipts

Exposure to depositary receipts including American Depositary 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 holds 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 depositary receipts, although segregation is an integral part of the depositary agreement regulating the issuance of the ADRs. In such case, the most likely scenario would be the trading suspension and thereafter a freeze of the price of the depositary receipts impacted by such bankruptcy event. Bankruptcy events in respect of the depositary banks issuing the depositary receipts may negatively affect the performance and/or the liquidity of the relevant Sub-Fund. There are fees related to depositary receipts, for example fees charged by banks for the custody of underlying assets of depositary receipts, which may impact the performance of the depositary receipts. Also, holders of depositary receipts are not direct shareholders of the underlying company and generally do not have voting and other shareholder rights as shareholders do. A Sub-Fund may also be subject to liquidity risk as depositary receipts are often less liquid than the corresponding underlying stocks.

Risk of investing in other collective investment schemes

A Sub-Fund may invest in other collective investment schemes, including exchange traded funds, which may or may not be authorised by the SFC or in a recognised jurisdiction. The Manager and the Sub-Manager do not have control of the investments of such collective investment schemes

and there is no assurance that the investment objective and strategy of such collective investment schemes will be successfully achieved which may have a negative impact to the Net Asset Value of the relevant Sub-Fund.

The value of the shares or units of the collective investment schemes will take into account their fees and expenses, including fees charged by their investment managers. Some collective investment schemes may also impose fees or levies which may be payable by the relevant Sub-Fund when it subscribes to or redeems out of such collective investment schemes. Whilst the Sub-Manager will take the level of any such fees into account when deciding whether or not to invest, investors should nevertheless be aware that investing into other collective investment schemes may involve another layer of fees, in addition to the fees charged by the relevant Sub-Fund.

There is no guarantee that the other collective investment schemes which a Sub-Fund invests in will have sufficient liquidity to meet the relevant Sub-Fund's redemption requests. The Sub-Fund may therefore be subject to liquidity risk by investing in these collective investment schemes.

If a Sub-Fund invests in collective investment schemes managed by the Manager, the Sub-Manager or their respective Connected Person, all initial charges on these collective investment schemes must be waived, and the Manager and the Sub-Manager must not obtain rebate of any fees or charges levied by these collective investment schemes. In case any conflict of interest may still arise out of such investments, the Manager and the Sub-Manager will use their best endeavours to resolve it fairly. Please refer to the section headed "Conflicts of Interest and Soft Dollars" for details under the circumstances

Risks associated with Multi-Counter

The Multi-Counter arrangement for exchange traded funds listed on the SEHK is relatively new. The novelty may bring additional risks for investment in such ETF for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of one counter are delivered to CCASS at the last batch settlement run on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfer of Units between different counters 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. There is a risk that the market price on the SEHK of Units traded in one counter may deviate significantly from the market price on the SEHK of Units traded in another counter due to different factors such as market liquidity, supply or demand in each counter and exchange rate fluctuations. The trading price of Units in each counter 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 or buying Units traded in one counter, an investor may receive less or pay more than the equivalent amount in the currency of another counter if the trade of the relevant Units took place on another counter. There can be no assurance that the price of Units in each counter will be equivalent. Investors without RMB or USD accounts may not be able to buy or sell RMB or USD traded Units.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in different counters at the same time. In such a case another broker or CCASS participant may need to be used. Accordingly investors may only be able to trade their Units in one currency, investors are recommended to check the readiness of their brokers in respect of the Multi-Counter trading and inter-counter transfer and should fully understand the services which the relevant broker is able to provide (as well as any associated fees).

Risks associated with Market Trading

Absence of Active Market and Liquidity Risks

Although Units of each Sub-Fund are listed for trading on the SEHK, there can be no assurance that an active trading market for such Units will develop or be maintained. In addition, if the

underlying Securities which comprise each Sub-Fund themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. If an investor needs to sell his, her or its Units at a time when no active market for them exists, the price received for the Units – assuming an investor is able to sell them – is likely to be lower than the price received if an active market did exist.

Suspension of Trading Risk

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

Effect of Redemptions Risk

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

Units May Trade at Prices Other than Net Asset Value Risk

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

Restrictions on Creation and Redemption of Units Risk

Investors should note that 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). 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 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 Units under certain circumstances. Alternatively, investors may realise the value of their Units by selling their Units through an intermediary such as a stockbroker on the SEHK, although there is a risk that dealings on the SEHK may be suspended. Please refer to the section headed "Creations and Redemptions (Primary Market)" for details in relation to the circumstances under which creation and redemption applications can be rejected.

Borrowing Risks

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

Cost of Trading Units Risk

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

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

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

Secondary Market Trading Risk

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

New Manager Risk

Although certain senior staff members of the Manager have managed a number of exchange traded funds listed in Hong Kong in their previous employments, each Sub-Fund is amongst the first exchange traded funds to be managed by the Manager. As such the Manager will substantially make use of and rely upon the risk management tools to support the investments of a Sub-Fund. In the event of a breakdown or disruption in such tools, the operations of the Sub-Fund may be adversely affected.

Reliance on the Sub-Manager Risk

Although the Manager has experience of managing SFC authorised funds, the Manager has limited experience of managing exchange traded funds. It has delegated the investment discretion of each Sub-Fund to the Sub-Manager and will rely on the Sub-Manager's expertise and systems for each Sub-Fund's investments. Any disruption in the communication with or assistance from the Sub-Manager or a loss of service of the Sub-Manager or any of its key personnel may adversely

affect the operations of each Sub-Fund.

Reliance on Market Makers Risk

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

Reliance on Participating Dealers Risk

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

Risks associated with the Indices

Fluctuations Risk

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

Licence to Use Index may be Terminated Risk

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

Compilation of Index Risk

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

Composition of an Index May Change Risk

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

Difficulties in Valuation of Investments Risk

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 in consultation with the Trustee apply valuation methods to ascertain the fair value of such securities, pursuant to the Trust Deed.

Risks associated with Regulation

Withdrawal of SFC Authorisation Risk

The Trust and each Sub-Fund have been authorised as a collective investment scheme under the Code by the SFC under Section 104 of the SFO. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. This does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC reserves the right to withdraw the authorisation of the Trust or a Sub-Fund if the relevant Index is no longer considered acceptable or impose such conditions as it considers appropriate. If the Manager does not wish the Trust or a Sub-Fund to continue to be authorised by the SFC, the Manager will give Unitholders at least three months' notice of the intention to seek SFC's withdrawal of such authorisation. In addition, any authorisation granted by the SFC may be subject to certain conditions which may be withdrawn or varied by the SFC. If, as a result of such withdrawal or variation of conditions, it becomes illegal, impractical or inadvisable to continue the Trust or a Sub-Fund, the Trust or the Sub-Fund (as applicable) will be terminated.

General 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 the investment policy and objectives followed by the Sub-Fund. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of an Index and as a result, the performance of the relevant Sub-Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Sub-Fund. In the worst case scenario, a Unitholder may lose a material part of its investments in a Sub-Fund.

Units may be Delisted from the SEHK Risk

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

Taxation Risk

Investing in a 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.

Foreign Account Tax Compliance Act Related Risks

Sections 1471 to 1474 (referred to as "FATCA") of the US Internal Revenue Code of 1986, as amended (the "IRS Code") imposes rules with respect to United States and certain non-United States persons, such as the Trust and/or each Sub-Fund. Payments of interest and dividends from securities of US issuers and gross proceeds from the sale of such securities 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 (the "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/or each Sub-Fund (and, generally, other investment funds organised outside the US), generally will be required to be subject to the terms of an agreement (an "FFI Agreement") with the US IRS under which it will agree to, among other things, 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 agree to be subject to the terms of an FFI Agreement and is not otherwise exempt will face a 30% withholding tax on all "withholdable payments", including U.S.-sourced dividends, interest and certain other payments. In addition, starting from 1 January 2019, 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 possible that certain non-US source payments attributable to amounts that would be subject to FATCA withholding (referred to as "passthru payments") may also be subject to FATCA withholding starting 1 January 2019, though the definition of "passthru payment" in US Treasury Regulations is currently pending.

The Hong Kong Government has entered into an intergovernmental agreement ("IGA") for the implementation of FATCA, adopting "Model 2" IGA arrangements. Under these "Model 2" IGA arrangements, FFIs in Hong Kong (such as the Trust and/or each Sub-Fund) would be required to be subject to the terms of the FFI Agreement with the US IRS and register with the US IRS. Otherwise they may be subject to a 30% withholding tax on withholdable payments to them.

Under the IGA, FFIs in Hong Kong (such as the Trust and/or each Sub-Fund) 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 withholdable payments made to non-consenting accounts (including accounts which the holders are U.S. persons and do not provide their U.S. taxpayer identification number or consent to the FFI to report their information to the U.S. IRS).

The Trust and/or each Sub-Fund intend to satisfy the requirements imposed under FATCA and the terms of the FFI Agreement to avoid any withholding tax. In the event the Trust and/or a Sub-Fund is not able to comply with the requirements imposed by FATCA or the terms of the FFI Agreement, the Trust and/or the relevant Sub-Fund may be subject to US withholding tax on withholdable payments. The Net Asset Value of the Trust or the relevant Sub-Fund may be adversely affected and the Trust or the relevant 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 a Sub-Fund, or a risk of the Trust or a Sub-Fund being subject to withholding tax under FATCA, the Manager or the Sub-Manager on behalf of the Trust and the relevant Sub-Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation and 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 to the extent permitted by applicable laws and regulations. The Manager or the Sub-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.

Each Sub-Fund has been registered with the IRS as at the date of this Prospectus. The Global Intermediary Identification Number is 5ZSSDU.00002.SF.344 for the CICC KraneShares CSI China Internet Index ETF.

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

Valuation and Accounting Risk

The Manager intends to adopt IFRS in drawing up the annual financial accounts of each Sub-Fund. However, the calculation of the Net Asset Value in the manner described under the section on "Determination of Net Asset Value" will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. To the extent that the basis adopted by a Sub-Fund for subscription and redemption purposes deviates from IFRS, the Manager may make necessary adjustments in the annual financial accounts for the financial accounts to be in compliance with IFRS. Any such adjustments will be disclosed in the annual financial accounts, including a reconciliation.

Contagion Risk

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

Cross Liability Risk

The assets and liabilities of each Sub-Fund under the Trust will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Sub-Funds, and the Trust Deed provides that the assets of each 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.

MANAGEMENT OF THE TRUST AND SUB-FUNDS

The Manager

The Manager of the Trust and each Sub-Fund is China International Capital Corporation Hong Kong Asset Management Limited.

China International Capital Corporation Hong Kong Asset Management Limited (the “Manager”) is an indirect wholly owned subsidiary of the China International Capital Corporation Limited (“CICC”). The Manager was incorporated in Hong Kong with limited liability on 17 December 2005 and is licensed by the SFC in Hong Kong to carry on Types 4 and 9 regulated activities under the Securities and Futures Ordinance. The parent company of the Manager, CICC, was established in 1995 as a strategic partnership among prestigious Chinese and international financial institutions and corporations. It was the first joint venture investment bank in China and had a registered capital of RMB4,827 million with business interests in investment banking, brokerage and asset management. The major shareholder of CICC is Central Huijin Investment Limited.

In 2010, the Manager launched its first SFC authorised collective investment scheme in Hong Kong, CICC-SZSE 100 Index Tracker, which is a synthetic exchange traded fund. Investors should note that this fund is delisted and no longer authorised by the SFC and is not available to Hong Kong investors.

The Manager has delegated to the Sub-Manager the discretionary power in the management of each Sub-Fund. The Manager will conduct on-going supervision and regular monitoring of the competence of the Sub-Manager to ensure that the Manager’s accountability to investors is not diminished, and although the investment management role of the Manager is sub-contracted to the Sub-Manager, the responsibilities and obligations of the Manager may not be delegated. The remuneration of the Sub-Manager (if any) will be borne by the Manager.

Details of the directors of the Manager are as follows:–

Mr. Wong King Fung

Mr. Wong King Fung is the Chief Financial Officer and a member of the Management Committee of the China International Capital Corporation Limited (“CICC”) since February 2017. He joined the CICC Group in May 2016 and served as a Managing Director in the Firm Management Department. Mr. Wong has 25 years of working experience in Mainland China, Hong Kong, Japan and the UK, with international commercial bank, international investment bank, domestic securities firm and in public accounting firm. Before joining the CICC Group, Mr. Wong worked in Goldman Sachs and Beijing Gao Hua Securities Company Limited from March 2000 to May 2016; during which he held a number of positions in the asset management division of Goldman Sachs (Asia) from June 2008 to May 2016, including Asia Pacific COO, Asia Pacific ex Japan COO, Head of Product Development and Managing Director. From December 2006 to June 2008, he was responsible for coordinating the middle and back offices as well as risk management functions at Beijing Gao Hua Securities Company Limited. From March 2000 to June 2008, he served in a number of roles, including Head of FICC Product Financial Control, Head of Equities Product Financial Control, Head of Japan Product Financial Control, the Hong Kong Financial Controller and Executive Director at Goldman Sachs (Asia) and Goldman Sachs Japan. From July 1997 to February 2000, Mr. Wong worked at HSBC HK as Financial Manager of Capital Markets and Financial Manager of Money Foreign Exchange Markets. From September 1991 to May 1997, Mr. Wong worked in the audit department as an auditing and accounting trainee, Assistant Manager and Manager at KPMG (UK and HK). Mr. Wong has been a member of the HKICPA and ICAEW for over 20 years. Mr. Wong obtained a Bachelor’s Degree in Mechanical Engineering from University of Bristol in June 1990.

Ms. Ma Kui

Ms. Ma Kui has been appointed as the Financial Controller, Head of Entity and Process Department and Head of Operation Support Department of CICC since May 2015, September 2011 and April 2015, respectively. She joined the CICC Group in April 1998 and held several positions, including

Head of Finance Department, Head of Market Risk Department, Head of Planning and Analysis Department, Assistant Chief Financial Officer, and chairman of the board of directors of CICC Pucheng Investment Co., Ltd. She currently serves as a director of CICC Jiacheng, a subsidiary of the Company, since June 2014. Prior to joining the CICC Group, she served as, among other things, an accountant in Motorola (China) Electronics Co., Ltd. from May 1995 to August 1997. She currently serves as a director of a number of our subsidiaries, including CICC Hong Kong, CICC Jiacheng, CICC Futures, CICC HK Securities, CICC HK AM and CICC HK Futures. Ms. Ma obtained a bachelor's degree in international economic cooperation and a master's degree in international finance from University of International Business and Economics in June 1993 and June 1996, respectively.

Mr. Feng Ping

Mr. Feng Ping is a Managing Director and Head of Asset Management Department of CICC. He joined CICC in November 2016, and was appointed as Director of the Manager on 3rd August 2017. From 1993 Mr. Feng worked at Lehman Brothers in New York for 15 years, first as structurer of asset-backed securities, and then trader of structured derivatives and eventually manager of derivatives trading department. Between 2008 and 2010, Mr. Feng was in charge of structured products trading in HK with Nomura International. After that Mr. Feng joined CITICS headquarter in Beijing as head of fixed income trading. He was made head of the fixed income department during his 5 year tenure with CITICS. Mr. Feng obtained his bachelor's degree in thermal physics from University of Science and Technology of China, and master's degree and doctoral degree in physics from Harvard University, USA.

Mr. Lin Ning

Mr. Lin Ning is a Managing Director and Head of CICC Hong Kong Asset Management. He is also a Director of the Manager since 3rd August 2017. Before joining CICC in March 2017, Mr. Lin was partner and CEO of 9M Stone Capital Limited, a HK incorporated asset management firm. Between 2010 and 2016 Mr. Lin worked at UBS AG in HK. He was a Managing Director and fixed income trading head, and was also an Executive Officer of UBS AG HK Branch under HKMA. Lin held various senior roles in the investment bank, including APAC Head of Rates in Non-Core and Legacy division, and head of hybrids trading in APAC. Before joining UBS, Mr. Lin worked at Nomura International HK, and Lehman Brothers before the merger in 2008, for a combined 11 years. A CFA charterholder, Mr. Lin obtained his master's degree in international business from Sophia University, Tokyo, in 1999, and a bachelor's degree in economics from Fudan University, Shanghai, in 1997.

The Sub-Manager

The Sub-Manager of the Trust and each Sub-Fund is Krane Funds Advisors, LLC. CICC holds a majority stake in the Sub-Manager. The Manager and the Sub-Manager are both subsidiaries of CICC.

The Sub-Manager is a registered investment adviser registered with the Securities and Exchange Commission of the United States. The firm focuses on delivering China-focused exchange traded funds and innovative China investment strategies to global investors.

The Sub-Manager is a US asset management company founded in 2011 with over USD1.393 billion in assets under management as of 9 October 2017. It is the first US asset management company focused on the significant asset flow opportunity between US-China and China-US, as well as the first US asset management company to build investment portfolios and strategies specifically for Chinese investment into the United States.

The firm has an experienced investment team that has managed over USD100 billion in assets for global institutions, private banks and high net worth families and investors.

The Sub-Manager was appointed pursuant to a sub-investment management agreement entered into between the Manager and the Sub-Manager. Under the sub-investment management agreement, the Sub-Manager has agreed to manage and invest the assets of each Sub-Fund on a discretionary basis, in pursuit of the investment objective and in accordance with the investment

approach and restrictions described in this Prospectus, subject to the control and review of the Manager.

Details of the senior management of the Sub-Manager are as follows:–

Mr. Jonathan Krane

Mr. Jonathan Krane is the founder and Chief Executive Officer of the Sub-Manager. The firm focuses on providing unique access and products for investors to gain exposure to the China equity and fixed income markets. Jonathan has spent the last fifteen years working with companies in China. He previously founded a leading media and entertainment company in China which was later sold to a publicly traded multi-national company.

Jonathan received an MBA from Columbia Business School, the United States and a BA from Connecticut College, the United States. He is a member of the Young Presidents Organization (YPO), a global network of young chief executives. Jonathan sits on the advisory board for the US-China Strong Foundation, a group dedicated to strengthening US-China relations through Mandarin language learning and study abroad.

Mr. Jonathan Shelon

Mr. Jonathan Shelon is the Chief Operating Officer of the Sub-Manager. Jonathan has spent the majority of his career managing investment portfolios and diverse teams at leading asset management organisations. Most recently, he was the Chief Investment Officer of a 40-person global Specialized Strategies Team at J.P. Morgan with a USD40 billion AUM. Prior to joining J.P. Morgan, Jonathan spent ten years as a portfolio manager at Fidelity Investments where he was responsible for the investment performance, process and evolution of their target-date strategies for retirement savings, college savings and income generation. Jonathan managed over USD150 billion in assets for over five million shareholders in the Freedom Funds series.

Before Fidelity, Jonathan was a quantitative consultant in the Capital Markets Research Group of Callan Associates where he developed strategic investment plans for institutional clients including pension plans, foundations, endowments and insurance companies. He also spent six years as an associate actuary with Milliman, a leading consulting organisation to the insurance industry.

Jonathan received a bachelor of business administration degree in actuarial science from the Fox School of Business and Management at Temple University. A Fellow of the Society of Actuaries and Chartered Financial Analyst charterholder, Jonathan is a member of the American Academy of Actuaries and member of the CFA Institute.

The Trustee and Registrar

The Trustee of the Trust is Brown Brothers Harriman Trustee Services (Hong Kong) Limited, a Hong Kong registered trust company with a Trust or Company Service Provider Licence (No.TC002136). The Trustee also acts as the Registrar of each Sub-Fund, and provides services in respect of the establishment and maintenance of the register of the Unitholders of each Sub-Fund.

The Trustee is a subsidiary of Brown Brothers Harriman & Co., a New York limited partnership founded in 1818. It is the oldest and largest privately owned bank in the U.S. It is a leading global investment fund custodian and administrator supporting in the leading fund centres.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Trust and each Sub-Fund, and such assets will be dealt with pursuant to the terms of the Trust Deed. The Trustee may, from time to time appoint such person or persons (including a connected person) as custodian, co-custodians or sub-custodian in respect of the whole or any part of the assets of any Sub-Fund and may empower any such custodian or co-custodian to appoint, with the prior consent in writing of the Trustee, sub-custodians. The fees and expenses of such custodian, co-custodian and sub-custodians or any persons appointed by the Trustee in relation to the relevant Sub-Fund shall be paid out of the relevant Sub-Fund.

The Trustee shall (A) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of its agent, nominee, delegate, custodian, co-custodian or sub-custodian to hold any of the investments of a Sub-Fund (each a “Correspondent”); and (B) be satisfied that each Correspondent retained remains suitably qualified and competent on an ongoing basis to provide services to the Trust or any Sub-Fund, having regard to the market or markets for which such Correspondent is appointed. Provided that the Trustee has discharged its obligations set out in (A) and (B) the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent that is not a connected person of the Trustee. The Trustee shall remain liable for any act or omission of any Correspondent that is a connected person of the Trustee as if the same were the act or omission of the Trustee. The Trustee shall use reasonable endeavours to recover any loss of investments and other assets arising from any default of a Correspondent.

The Trustee shall not be responsible for any act or omission of: (a) Euroclear Bank S.A./N.V., Clearstream Banking, S.A. or any other central depository or clearing system in relation to any investment deposited with such central depository or clearing system; or (b) any lender or a nominee appointed by the lender in whose name any assets of a Sub-Fund are registered pursuant to a borrowing undertaken for the account of such Sub-Fund.

Under the Trust Deed, the Trustee and its directors, officers, employees, delegates and agents shall be entitled for the purpose of indemnity against any actions, proceedings, liabilities, costs, claims, damages, expenses (including all reasonable legal, professional and other similar expenses) or demands to which it may be put or asserted against, or may incur or suffer in performing its obligations or functions relating to a Sub-Fund to have recourse to the assets of the relevant Sub-Fund or any part thereof but shall not have a right of recourse to the assets of any other Sub-Fund. Notwithstanding the foregoing, the Trustee shall not be exempted from or indemnified against any liability imposed under the laws of Hong Kong (including under the Trustee Ordinance) or for breach of trust through fraud or negligence for which it may be liable in relation to its duties, or be indemnified against such liability by Unitholders or at Unitholders' expense.

The Manager is solely responsible for making investment decisions in relation to the Trust and/or each Sub-Fund. The Trustee shall take reasonable care to ensure that the investment and borrowing limitations set out under the section headed “Investment Objective, Strategy and Restrictions, Securities Lending and Borrowing” and specific investment and borrowing limitations (if any) as set out in the relevant Appendix as they relate to a Sub-Fund and the conditions under which such Sub-Fund is authorised pursuant to the SFO are complied with and save for the aforesaid, the Trustee is not responsible and has no liability for any investment decision made by the Manager. Subject as provided in the Trust Deed, the Trustee shall not be liable for losses caused by the performance of investments made by the Trust and/or any Sub-Fund.

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

The Trustee is not responsible for the preparation or issue of this Prospectus other than the disclosures on the profiles of the Trustee as set out herein

The Service Agent

HK Conversion Agency Services Limited acts as Service Agent under the terms of the Service Agreement. The Service Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in the Sub-Fund by Participating Dealers.

The Auditor

The Manager has appointed KPMG to act as the auditor of the Trust and each Sub-Fund (the “Auditor”). The Auditor is independent of the Manager and the Trustee.

The Participating Dealers

A Participating Dealer may act for its own account or for your account as its clients in making Creation Applications and Redemption Applications. Different Sub-Funds may have different

Participating Dealers. The latest list of the Participating Dealers in respect of each Sub-Fund is available at <https://cicchkam.com> (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC).

The Market Makers

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

Subject to applicable regulatory requirements, the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one Market Maker for Units of each counter. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager will endeavour to ensure that there is at least one other Market Maker per Sub-Fund or counter (as appropriate) to facilitate the efficient trading of Units. The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker per Sub-Fund or counter (as appropriate) gives not less than 3 months' notice prior to terminating market making under the relevant market making agreement. The latest list of Market Makers for each Sub-Fund is available at www.hkex.com.hk and <https://cicchkam.com> (the contents of both websites and of any other website referred to in this Prospectus have not been reviewed by the SFC).

The Listing Agent

In respect of each Sub-Fund, the Manager may appoint a Listing Agent for the relevant Sub-Fund in accordance with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited in respect of a Sub-Fund's listing on the SEHK. Any Listing Agent will be a registered institution or licensed corporation which is registered or licensed by the SFC to carry out, amongst others, Type 6 (advising on corporate finance) regulated activity under the SFO. The name of the Listing Agent for each Sub-Fund is set out in the relevant Appendix for that Sub-Fund.

Conflicts of Interest and Soft Dollars

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

In addition:

- (a) The Manager, the Sub-Manager or any of its Connected Persons may purchase and sell investments for the account of a Sub-Fund as agent for the Sub-Fund or deal with any Sub-Fund as principal with the prior written consent of the Trustee.
- (b) The Trustee, the Sub-Manager, the Manager and any of their Connected Persons may contract or enter into any financial, banking or other transaction with one another or with any Unitholder or any company or body any of whose shares or securities form part of the relevant Sub-Fund's assets.
- (c) The Trustee, the Sub-Manager or the Manager or any of their Connected Persons may become the owner of Units and hold, dispose or otherwise deal with them with the same rights which it would have had if it had not been the Trustee, the Sub-Manager or the Manager or any of their Connected Persons.
- (d) The Trustee, the Sub-Manager, the Manager and any of their Connected Persons may buy, hold and deal in any securities, commodities or other property for their own account or for the account of their other customers notwithstanding that similar securities, commodities or other property may be held by a Sub-Fund.

- (e) Any arrangements for the borrowing or deposit of any monies for the account of a Sub-Fund may be made with any of the Trustee, the Sub-Manager, the Manager or any of their Connected Persons being a banker or other financial institution provided that such person shall charge or pay (as the case may be) interest or fees at a rate or amount no higher (in the case of a borrowing) or lower (in the case of a deposit) than the prevailing rates or amounts for transactions of a similar size and duration, in the same currency and with institutions of similar standing.
- (f) None the Trustee, the Sub-Manager, the Manager nor any of their Connected Persons shall be liable to account to each other or to any Sub-Fund or to the Unitholders for any profits or benefits made or derived from or in connection with any such transaction mentioned above.

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

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

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

The Manager, the Sub-Manager or any of their Connected Persons may receive, and are entitled to retain, 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 (known as soft dollar benefits) which are of demonstrable benefit to a Sub-Fund as a whole and may contribute to an improvement in the performance of the relevant Sub-Fund or of the Manager, the Sub-Manager and/or any of its Connected Persons in providing services to the relevant Sub-Fund (as may be permitted under the Code, applicable rules and regulations), from brokers and other persons through whom investment transactions are carried out ("brokers") provided that the quality of transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates. 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-Fund's annual report.

The services of the Trustee provided to the Trust and each Sub-Fund are not deemed to be exclusive and the Trustee shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other monies payable thereby and the Trustee shall not be deemed to be affected with notice of or to be under any duty to disclose to any Sub-Fund any fact or thing which comes to the notice of the Trustee in the course of the Trustee rendering similar services to others or in the course of its

business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties under the Trust Deed.

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

- (a) such transactions should be on arm's length terms;
- (b) it must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;
- (c) transaction execution must be consistent with applicable best execution standards;
- (d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- (e) the Manager must monitor such transactions to ensure compliance with its obligations; and
- (f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual financial statements of the Sub-Fund.

STATUTORY AND GENERAL INFORMATION

Reports and Accounts

The financial year-end of the Trust (and each Sub-Fund) is 31 December every year. Audited annual financial reports are to be prepared (in accordance with IFRS) and published on the Manager's website in English only within 4 months of each financial year-end. Half-yearly unaudited financial reports are also to be prepared up to 30 June of each year and published on the Manager's website within 2 months of such date. Once these financial reports are made available on the Manager's website, investors will be notified within the relevant timeframe.

Only an English version of the audited annual financial reports and the half-yearly unaudited financial reports of each Sub-Fund will be available. Printed copies may be requested free of charge from the Manager by contacting it, as described below under "Notices".

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

Trust Deed

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

Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the Trust Fund in respect of any action, costs, claims, damages, expenses or demands arising directly or indirectly from the proper performance of the Sub-Fund. Nothing in any of the provisions of the Trust Deed shall (i) exempt either the Trustee or the Manager (as the case may be) from or against any liability to Unitholders for breaches of trust through fraud or negligence or any liability to Unitholders imposed by virtue of any Hong Kong law nor (ii) indemnify either the Trustee or the Manager (as the case may be) against such liability by Unitholders or at Unitholders' expense.

Modification of the Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed provided that the Trustee shall certify in writing that such modification, alteration or addition (i) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager or any other person from any liability to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of each Sub-Fund; or (ii) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law); or (iii) is made to correct a manifest error. In all other cases, modifications, alterations and additions involving material changes require the sanction of an extraordinary resolution of the Unitholders where the interests of the Unitholders as a whole are affected or an extraordinary resolution of the Unitholders of a Sub-Fund or of a class of Units where only the interests of such Unitholders are affected. The SFC

must (where such approval is required) also give its prior approval to all amendments to the Trust Deed.

The Manager will notify affected Unitholders of the amendments if such notification is required under the Code.

Meetings of Unitholders

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

Voting Rights

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

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

Other matters that require an ordinary resolution being passed would be considered by Unitholders of at least 10% of the Units in issue and passed by a simple majority of more than 50% of the votes cast. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to such day and time not being less than 15 days thereafter and to such place as may be appointed by the chairman of the meeting. At such adjourned meeting, the Unitholders present in person or by proxy shall be a quorum. Notice of any adjourned meeting of Unitholders shall be given in the same manner as for an original meeting and such notice shall state that the Unitholders present at the adjourned meeting, whatever their number and the number of Units held by them, will form a quorum.

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

Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation or a receiver is appointed and not discharged within 60 days; or (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily; or (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders; or (iv) a law is passed that renders it illegal or in the opinion of the Trustee and the Manager, impracticable or inadvisable to continue the Trust or; (v) the Trustee unable to find a person acceptable to the Trustee to act as the new Manager within 30 days after the removal of the Manager, or the person nominated shall fail to be approved by Extraordinary Resolution; or (vi) the Trustee decides to retire but within 60 days of the Trustee giving written notice to the Manager of its desire to retire the Manager is unable to find a suitable person who is willing to act as trustee.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Sub-Fund outstanding is less than USD10 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of

the Manager, makes it impracticable or inadvisable to continue the Trust; (iii) in the opinion of the Manager, it is impracticable or inadvisable to continue the Trust (including without limitation, a situation where it is no longer economically viable to operate the Trust); (iv) the respective Index/Indices of all Sub-Fund(s) is/are no longer available for benchmarking or if the Units of all the relevant Sub-Fund(s) are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager; (v) at any time, all Sub-Funds ceases to have any Participating Dealer; or (vi) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to the Manager to act as the new trustee after retirement of the Trustee or after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate a Sub-Fund if: (i) after one year from the date of establishment of the Sub-Fund, the aggregate Net Asset Value of all the Units in the relevant Sub-Fund outstanding is less than USD10 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Sub-Fund and which renders the relevant Sub-Fund illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue that Sub-Fund; (iii) its Index is no longer available for benchmarking or if the Units of the relevant Sub-Fund are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager; (iv) at any time, the relevant Sub-Fund ceases to have any Participating Dealer; or (v) the Manager is unable to implement its investment strategy. Further, the Unitholders may at any time authorise termination of the Trust or the relevant Sub-Fund by extraordinary resolution.

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

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

Distribution Policy

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

Inspection of Documents

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

- (a) Trust Deed;

- (b) Service Agreement(s);
- (c) Participating Dealer Agreement(s); and
- (d) The most recent annual financial statements of the Trust and each Sub-Fund (if any) and the most recent interim financial statements of the Trust and each Sub-Fund (if any).

Part XV of the SFO

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

Anti-money Laundering Regulations

As part of the Manager's, the Trustee's, the Registrar's and the Participating Dealer's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee, the Registrar, each Sub-Fund or the relevant Participating Dealer is subject, the Manager, the Trustee, the Registrar or the relevant Participating Dealer may require a detailed verification of an investor's identity and the source of payment of any applications for Units at any time as they think appropriate.

Delay or failure to provide with the required documents may result in delay or refusal of application or withholding of redemption proceeds. For the purpose of anti-money laundering and/or counter-terrorist financing, the Manager may compulsorily redeem the Units held by any Unitholder.

The Manager may, to the extent permitted by law, share, for the purposes of combating money laundering and terrorist financing, the information in connection with the Unitholders with its affiliates.

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 a 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.

Power to Disclose Information to Authorities

Subject to applicable laws and regulations in Hong Kong, the Manager, the Trustee or any of their authorised person (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 IRS and the IRD), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, jurisdiction of birth, tax residence, tax identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, account balance/value, and income or sale or redemption proceeds, to enable the 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 (including any law, rule and requirement relating to AEOI), regulation or agreement under FATCA)

Liquidity Risk Management

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of each Sub-Fund 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 each Sub-Fund. These measures seek to ensure fair treatment and transparency for all investors.

The liquidity management policy involves monitoring the profile of investments held by each Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "Creations and Redemptions (Primary Market)", 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 each Sub-Fund under normal and exceptional market conditions.

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

Index Licence Agreements

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

Material Changes to an Index

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

Replacement of an Index

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

- (a) the relevant Index ceasing to exist;
- (b) the licence to use the Index being terminated;
- (c) a new index becoming available that supersedes the existing Index;
- (d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Index;
- (e) investing in the Securities comprised within the Index becomes difficult;
- (f) the Index Provider increasing its licence fees to a level considered too high by the Manager;

- (g) the quality (including accuracy and availability of the data) of the Index having in the opinion of the Manager, deteriorated;
- (h) a significant modification of the formula or calculation method of the Index rendering that index unacceptable in the opinion of the Manager; and
- (i) the instruments and techniques used for efficient portfolio management not being available.

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

Information Available on the Internet

The Manager will publish important news and information with respect to each Sub-Fund (including in respect of the relevant Index), in the English and Chinese languages (unless otherwise specified), on the following website <https://cicchkam.com> and, where applicable, HKEX's website www.hkex.com.hk (the contents of both websites and of any other website referred to in this Prospectus have not been reviewed by the SFC) including:

- (a) this Prospectus and the product key facts statement in respect of each Sub-Fund (as revised from time to time);
- (b) the latest annual audited accounts and interim half yearly unaudited report (in English only);
- (c) any notices relating to material changes to any Sub-Fund which may have an impact on its investors such as material alterations or additions to this Prospectus (including each product key facts statement) or any of the constitutive documents of the Trust and/or a Sub-Fund;
- (d) any public announcements made by the Manager in respect of any Sub-Fund, including information with regard to a Sub-Fund and the Sub-Fund's Index, the suspension of creations and redemptions of Units, the suspension of the calculation of its Net Asset Value, changes in its fees and the suspension and resumption of trading in its Units;
- (e) the near real time indicative Net Asset Value per Unit of each Sub-Fund (updated every 15 seconds throughout each Dealing Day in the base currency of the Sub-Fund and in each trading currency);
- (f) the last Net Asset Value of each Sub-Fund in the base currency of the Sub-Fund and the last Net Asset Value per Unit of each Sub-Fund in the base currency of the Sub-Fund and in each trading currency;
- (g) the past performance information of each Sub-Fund;
- (h) the tracking difference and tracking error of each Sub-Fund;
- (i) full portfolio information each Sub-Fund (updated on a monthly basis within one month of the end of each month unless otherwise specified in the relevant Appendix);
- (j) the latest list of the Participating Dealers and Market Makers; and
- (k) if applicable to the Sub-Fund, the composition of distributions (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital), if any, for a 12-month rolling period.

For the CICC KraneShares CSI China Internet Index ETF, the near real time indicative Net Asset Value per Unit in USD, HKD and RMB, and the latest Net Asset Value per Unit in HKD and RMB referred to above, are indicative and for reference only. The near real time indicative Net Asset Value per Unit (in USD, HKD and RMB) is updated every 15 seconds during SEHK trading hours and is calculated by ICE Data Services Hong Kong Limited.

The near real time indicative Net Asset Value per Unit in HKD and RMB is calculated using the near real time indicative Net Asset Value per Unit in USD multiplied by a near real time USD:HKD and USD:RMB foreign exchange rate for offshore RMB (CNH), each quoted by ICE Data Services Hong Kong Limited. Since the indicative Net Asset Value per Unit in USD will not be updated when the underlying share market is closed, the change in the indicative Net Asset Value per Unit in HKD and in RMB(if any) during such period is solely due to the change in the near real time foreign exchange rate.

The last Net Asset Value per Unit in HKD and RMB are indicative and for reference only and is calculated using the official last Net Asset Value per Unit in USD multiplied by an assumed foreign exchange rate (i.e. not a real time exchange rate) being the fixing exchange rate provided by Reuters for HKD and offshore RMB (CNH) at 4:00 p.m. (Hong Kong time) as of the same Dealing Day.

Real-time updates about the Index can be obtained through other financial data vendors. It is your own responsibility to obtain additional and the latest updated information about the Index (including without limitation, a description of the way in which the Index is calculated, any change in the composition of the Index, any change in the method for compiling and calculating the Index) via the Manager's website and the Index Provider's website (neither of which, nor any other website referred to in this Prospectus, has been reviewed by the SFC). Please refer to the section on "Website Information" below for the warning and the disclaimer regarding information contained in such website.

Notices

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

Manager

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

Trustee

Brown Brothers Harriman Trustee Services (Hong Kong) Limited
13/F, Man Yee Building,
68 Des Voeux Road Central,
Central, Hong Kong

Website Information

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. Neither the Manager nor 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 Trust's website <https://cicchkam.com> (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC). The information and materials included in these websites have not been reviewed by the SFC or any regulatory body. You should exercise an appropriate degree of caution when assessing the value of such information.

TAXATION

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

Taxation of the Trust and Sub-Funds

Profits Tax

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

Stamp Duty

Pursuant to section 19(1DA) and Part 2 of Schedule 10 of the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the "Stamp Duty Ordinance") and according to the Stamping Circular No.02/2019, each Sub-Fund is an "authorized open-ended collective investment scheme" as defined under the Stamp Duty Ordinance, and, provided that the value of the Hong Kong stock is proportionate to the value of the Unit, any Hong Kong stamp duty (i.e. fixed and ad valorem) on the delivery of Hong Kong stocks as consideration for the issue of Units, where permitted in respect of a Sub-Fund, will be exempted. Similarly, provided that the value of the Hong Kong stock is proportionate to the value of the Unit, Hong Kong stamp duty on the delivery of Hong Kong stocks as consideration for redemption of Units, where permitted in respect of a Sub-Fund, will also be exempted. The issue or redemption is considered to be proportionate if the value of the Hong Kong stock sold or purchased is equivalent to the asset value of the Sub-Fund which the issued or redeemed Unit represents as at the date of issue or redemption (as the case may be). As such, no Hong Kong stamp duty is payable by the relevant Sub-Fund on issue or redemption of Units.

The sale and purchase of the "Hong Kong stocks" (as defined under the Stamp Duty Ordinance) by a Sub-Fund will be subject to Hong Kong stamp duty at the current rate of 0.13% of the consideration or the fair market value (whichever is higher) of the Hong Kong stocks being sold and purchased. The purchaser and the seller will each be liable for the Hong Kong stamp duty upon such transfer and thus the total stamp duty payable for such transfer is 0.26%, borne equally by the purchaser and the seller. As such, the sale and purchase of the Hong Kong stocks by the relevant Sub-Fund will be subject to Hong Kong stamp duty at the current rate of 0.26% of the price of the Hong Kong stocks being sold and purchased. The relevant Sub-Fund will be liable to one half of such Hong Kong stamp duty.

Taxation of the Unitholders

Profits Tax

Where the Unitholders do not carry on a trade, profession or business in Hong Kong or the Units in a Sub-Fund are held by the Unitholders as capital assets for Hong Kong profits tax purposes, gains arising from the sale or disposal or redemption of the Units in the Sub-Fund should not be taxable. For Unitholders carrying on a trade, profession or business in Hong Kong, such gains

may be subject to Hong Kong profits tax (which is currently charged at the rate of 16.5% in the case of corporations, and 15% in the case of individuals and unincorporated business) if the gains in question arise in or are derived from such trade, profession or business and sourced in Hong Kong and are of a revenue nature. Unitholders should take advice from their own professional advisers as to their particular tax position.

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

Stamp Duty

For a transfer effected on or after 13 February 2015 executed for a transaction by which a Unit of a Sub-Fund, as an exchange traded fund (as defined in Part 1 to Schedule 8 of the Stamp Duty Ordinance) listed or traded on SEHK is transferred, stamp duty is not payable pursuant to the Stamp Duty (Amendment) Ordinance 2015.

Hong Kong requirements regarding tax reporting

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") and subsequent related legislation provide the 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 obtain information from the account holders, conduct due diligence on the account holders and file certain information relating to reportable account holders who are tax resident in "reportable jurisdictions" (as determined for AEOI purposes) with the Hong Kong Inland Revenue Department ("IRD"), which in turn will exchange the information with the jurisdiction(s) in which that reportable account holder is a tax resident. However, the Trust and/or its agents may adopt the wider approach in collecting residency information of account holders.

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 information relating to Unitholders and prospective investors.

The Ordinance as implemented by Hong Kong require the Trust and/or each Sub-Fund to, amongst other things: (i) register the Trust and/or each Sub-Fund 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 relevant jurisdictions. 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, place of birth, address, tax residence, taxpayer 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 a Sub-Fund and/or continuing to invest in a Sub-Fund, Unitholders acknowledge that they are required to enable the Trust and/or the Sub-Fund to comply with AEOI by providing the required information to the Trust, the Sub-Fund, the Managers and/or the agents of the Trust and/or the Sub-Fund in order to open an account. Moreover, 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 person 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).

PART 2 – SPECIFIC INFORMATION RELATING TO EACH SUB-FUND

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

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

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

APPENDIX 1: CICC KRANESHARES CSI CHINA INTERNET INDEX ETF

Key information

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

Index	CSI Overseas China Internet Index
Type of Index	Total return
Initial Issue Date	9 April 2018 (the Business Day immediately before the Listing Date)
Listing Date (SEHK)	10 April 2018
Issue Price during the Initial Offer Period	USD10
Exchange Listing	SEHK – Main Board
Stock Code	09186 – USD counter 03186 – HKD counter 83186 – RMB counter
Stock Short Name	CICCKRANECNET-U – USD counter CICCKRANECNET – HKD counter CICCKRANECNET-R – RMB counter
ISIN Numbers	HK0000398385 – USD counter HK0000398377 – HKD counter HK0000398393 – RMB counter
Trading Board Lot Size	50 Units
Base Currency	United States dollars (USD)
Trading Currency	United States dollars (USD) Hong Kong dollars (HKD) Renminbi (RMB)
Distribution Policy	The Manager intends to pay distributions to Unitholders at least annually (in December each year). All units will receive distributions in the base currency (USD) only⁹ . Distributions may be made out of capital or effectively out of capital as well as income at the Manager's discretion.
Creation/Redemption Policy	Cash (USD)

⁹ Unitholders without USD accounts may have to bear the fees and charges associated with the conversion of such dividend from USD into any other currency. Unitholders are advised to check with their brokers regarding arrangements for distributions.

Application Unit Size (only by or through Participating Dealers)	Minimum 125,000 Units (or multiples thereof)
Dealing Deadline	12:00 p.m. (Hong Kong time) on the relevant Dealing Day
Management Fee	Currently 0.72% per year of the Net Asset Value
Investment Strategy	Representative sampling. Please refer to the section on “What is the investment strategy?” below
Financial Year End	31 December
Listing Agent	China International Capital Corporation Hong Kong Securities Limited
Market Maker(s) (USD, HKD and RMB counters)	Flow Traders Hong Kong Limited
Participating Dealers	China International Capital Corporation Hong Kong Securities Limited Haitong International Securities Company Limited Merrill Lynch Far East Limited
Service Agent	HK Conversion Agency Services Limited
Website	https://cicchkam.com (this website has not been reviewed by the SFC)

What is the investment objective?

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

What is the investment strategy?

In seeking to achieve the Sub-Fund’s investment objective, the Sub-Manager, under the Manager’s ongoing supervision and regular monitoring, will primarily use a representative sampling strategy, which means that the Sub-Fund will invest directly in a representative sample of Securities that collectively has an investment profile that aims to reflect the profile of the Index. The Sub-Fund may or may not hold all of the Securities that are included in the Index, and may hold Securities which are not included in the Index, provided that these collectively feature a high correlation with the Index.

The Sub-Manager, under the Manager’s ongoing supervision and regular monitoring, may cause the Sub-Fund to deviate from the Index weighting (in pursuing a representative sampling strategy) on condition that the maximum deviation from the index weighting of any constituent will not exceed 3% or such other percentage as determined by the Manager and the Sub-Manager after consultation with the SFC. Please refer to the section “Investment Objective, Strategy and Restrictions, Securities Lending and Borrowing” for further details.

The Sub-Manager, under the Manager’s ongoing supervision and regular monitoring, may also in its discretion utilise a full replication strategy through investing directly in Securities included in the Index in substantially the same weightings in which they are included in the Index.

The Index is designed to measure the performance of the investable universe of overseas listed publicly traded China-based companies whose primary business or businesses are in the Internet and Internet-related sectors, as determined by the index provider, China Securities Index Co., Ltd. (“Index Provider”). Please refer to the section “The Index” for details.

The Sub-Fund may invest up to 20% of its assets in instruments that are not included in the Index, but that the Sub-Manager believes will help the Sub-Fund track the Index. These investments may include equity securities and depositary receipts of issuers whose securities are not components of the Index and other collective investment schemes (including exchange traded funds). Exchange traded funds are considered and treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of the Code.

The Sub-Fund may also invest in cash or cash equivalents (including money market funds) for cash management purposes. Investments in cash or cash equivalents are not anticipated to exceed 5% of the Net Asset Value of the Sub-Fund.

The Sub-Fund may invest in the following China-related securities: H-Shares, N-Shares, P-Chips and Red Chips.

Currently, the Manager and the Sub-Manager have no intention to invest the Sub-Fund in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes, and will not enter into securities lending transactions, sale and repurchase or reverse repurchase transactions and other similar over-the-counter transactions. The Manager and the Sub-Manager will seek the prior approval of the SFC and provide at least one month’s prior notice to Unitholders before the Sub-Fund engages in any such investments.

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

Risk factors specific to the Sub-Fund

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

Concentration risk

Due to the concentration of the Index in the internet and technology sector, which is characterised by relatively higher volatility in price performance when compared to other economic sectors, the performance of the Index may be more volatile when compared to other broad-based stock indices. The price volatility of the Sub-Fund may be greater than the price volatility of exchange traded funds tracking more broad-based indices.

Consumption sector risk

The performance of Chinese 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 China, 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.

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 Chinese economy and the Chinese consumer market will continue. Any future slowdowns or declines in the Chinese economy or consumer spending may materially and adversely affect the business of the companies in the

consumer discretionary sector and as a result the performance of the Sub-Fund.

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 Sub-Fund 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 Sub-Fund 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 Sub-Fund 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 Sub-Fund.

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 Sub-Fund invests and this may in turn adversely affect the value of investment of the Sub-Fund.

Distributions out of or effectively out of capital risk

The Manager may, at its discretion make distributions out of capital. The Manager may also, at its discretion, make distributions out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of the capital. Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of or effectively out of the Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Unit. The Manager may amend its distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Dealing arrangements

Dealings in the Units on the SEHK commenced on 10 April 2018.

The current Dealing Deadline after Listing is 12:00 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for cash (USD) creation and redemption of Units in the primary market.

All Creation Applications shall be in USD only, notwithstanding a Multi-counter being adopted for the Sub-Fund. Settlement in cash for subscribing Units is due at the time specified in the Operating Guidelines on or before the relevant Dealing Day in accordance with the Operating Guidelines.

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

Multi-Counter

The Manager has arranged for the Units of the Sub-Fund to be available for trading on the secondary market on the SEHK under a Multi-Counter arrangement. Units are denominated in USD. The Sub-Fund offers 3 trading counters on the SEHK (i.e. HKD counter, RMB counter and USD counter) to investors for secondary trading purposes. Units traded in HKD counter will be settled in HKD, Units traded in RMB counter will be settled in RMB and Units traded in USD counter will be settled in USD. Apart from settlement in different currencies, the trading prices of Units in the counters may be different as the different counters are distinct and separate markets.

Units traded on each counters are of the same class and all Unitholders of all counters are treated equally. The counters will have different stock codes, different stock short names and different ISIN numbers and set out in the section “Key Information” above.

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

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Multi-Counter, including inter-counter transfers. Investors’ attention is also drawn to the risk factor above entitled “Risks Associated with Multi-Counter”.

Exchange Listing and Trading (Secondary Market)

General

Units are listed on the SEHK and are traded in HKD, USD and RMB.

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

Dealings on the SEHK in Units began on 10 April 2018. Units will trade on the SEHK in board lots of 50 Units.

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

Redemptions

Units can be redeemed directly (through a Participating Dealer). Any accepted Redemption Application will be effected by the payment of cash in accordance with the Operating Guidelines and the Trust Deed. Redemption proceeds paid in cash shall be in USD only, notwithstanding a Multi-counter being adopted for the Sub-Fund.

Distribution policy

The Manager intends to declare and distribute net dividends to Unitholders at least annually (in December each year). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in USD only. Distributions may be made out of capital as well as income at the Manager's discretion. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital. The Manager and the Sub-Manager may amend the policy with respect to distribution out of capital or effectively out of capital subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

Each Unitholder will receive distributions in USD only. Unitholders without USD accounts may have to bear the fees and charges associated with the conversion of such dividend from USD into any other currency. Unitholders are advised to check with their brokers regarding arrangements for 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.

Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment out of or effectively out of the Sub-Fund's capital may result in an immediate reduction in the Net Asset Value per Unit.

The composition of distributions payable on Units (i.e. the relative amounts of distributions paid and the percentages of dividends out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the website <https://cicchkam.com> (this website has not been reviewed by the SFC). The Manager may amend the Sub-Fund's distribution policy with respect to the distributions out of capital or effectively out of capital of the Sub-Fund subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Fees and expenses

The Sub-Fund employs a single management fee structure, with the Sub-Fund paying all of its fees, costs and expenses (and its due proportion of any costs and expenses of the Trust allocated to it) as a single flat fee (the "Management Fee"). Fees and expenses taken into account in determining the Management Fee include, but are not limited to, the Manager's fee, the Sub-Manager's fees, Trustee's fee, Registrar's fees, fees of the Service Agent, fees and expenses of the auditors, securities transaction fee, ordinary out-of-pocket expenses incurred by the Manager or the Trustee and costs and expenses of licensing the Index. The Management Fee does not include brokerage and transaction costs, fees and extraordinary items such as litigation expenses.

The Management Fee is 0.72% per year of the Net Asset Value of the Sub-Fund and is accrued daily and calculated as at each Dealing Day. It is payable out of the Sub-Fund monthly in arrears in USD.

The Index

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

General information on the Index

The Index of the Sub-Fund is the CSI Overseas China Internet Index. The Index is a free float market capitalisation weighted index consisting of China based companies with a primary listing outside China and whose primary business or businesses are focused on internet and internet-related technology.

The Index is compiled and published by China Securities Index Co., Ltd (“CSI” or the “Index Provider”). The Manager and the Sub-Manager (and each of their respective Connected Persons) are independent of the Index Provider.

The Index is a total return index. A total return index calculates the performance of the index constituents on the basis that any dividends or distributions are reinvested. The Index is denominated and quoted in USD.

As at 28 February 2022, it comprised 50 constituent stocks with float market capitalisation of approximately US\$1,545 billion.

The Index was launched on 29 February 2012 and had a base point of 1000 on 29 June 2007.

Index methodology

Index universe

The selection universe of the Index (the “Index Universe”) includes:

Chinese companies with a primary listing outside China for at least 3 month (unless its IPO size is more than USD3 billion) and meet all of the following criteria:

(A) One of the following:

- (i) the company is incorporated in China;
- (ii) the headquarters of the company is from China; or
- (iii) at least 50% of the revenue of the company is derived from China.

(B) Stocks listed on the SEHK should satisfy the following conditions:

- (i) common stocks and REITs primary listed on the SEHK (including Main Board or Growth Enterprise Market (GEM) of the SEHK);
- (ii) exclude stock that has a daily average close price in the most recent year of less than HKD0.1;
- (iii) exclude stock that has a daily average close price in the most recent year of less than HKD0.5 and the earning per share in most recent annual report is negative;
- (iv) the stock meets the requirement of daily average turnover ratio over three months. Securities are ranked by daily average turnover ratio in descending order. The

cumulative daily average market capitalisation coverage is then calculated for each security and the securities of which the cumulative daily average market capitalisation coverage is beyond 90% are excluded.

Daily average turnover ratio = Average (Daily trading value / total market capitalisation)

Selection criteria

Based on the eligible constituents from the CSI Overseas China Internet Index, the following steps are applied to select the Index constituents:

Step 1: Remove the stocks in the universe whose daily average trading value in the previous year is less than USD0.5 million or daily average market cap in the previous year is less than USD500 million.

Step 2: From the remaining stocks, stocks that are classified in the following sectors are chosen as the constituents of the Index:

- Internet Software & Services – companies developing and marketing internet software and/or providing internet services;
- Home Entertainment Software – manufacturers of home entertainment software and educational software used primarily in the home;
- Internet Retail – companies providing retail services primarily on the internet;
- Internet Service – companies providing commercial services primarily through the internet; and
- Mobile Internet – companies developing and marketing mobile internet software and/or providing mobile internet services.

The constituents are ranked by adjusted USD market capitalisation and the weight for each constituent in the Index is determined. Any constituents whose weights are greater than 10% are capped at 10%.

Index calculation

The Index is weighted as the following calculation formula:

$$\text{Current Index} = \text{Current Total Adjusted Market-Cap} / \text{Divisor} \times 1000$$

Where Current Total Adjusted Market-Cap = $\Sigma(\text{Stock Price} \times \text{Number of Free Float Adjusted Shares} \times \text{Weight Factor} \times \text{Foreign Exchange Rate})$.

Foreign Exchange Rate from Reuters (mid-price of quote) will be used. The value of Weight Factor is between 0 and 1. The weights of individual components are capped based on the adjusted USD market capitalisation.

CSI publishes the real time Index level via its website at www.csindex.com.cn (this website has not been reviewed by the SFC).

Index adjustments

Periodic review

The constituents of the Index are updated and the index is rebalanced semi-annually, effective

as of the next trading day after the second Friday in June and December. Each constituent is assigned a Weight Factor, effective on the same date, and remain unchanged until the next rebalancing date.

Ongoing review

In the event that the representativeness and investability of the Index are affected due to changes that take place between periodic reviews on rebalancing dates, CSI may review the constituent stocks immediately. If the IPO size of new IPO Chinese internet company primary listed outside China is more than USD10 billion, the IPO company will be added into the Index at its 11th trading day. Delisted stocks will be immediately deleted from the list of constituents.

Index Constituents

You can obtain the most updated list of the constituents of the Index, their respective weightings and additional information of the Index from the website of CSI at www.csindex.com.cn (this website has not been reviewed by the SFC).

Index Provider disclaimer

China Securities Index Co., Ltd. ("CSI"), a leading index provider in China, is a joint venture between the Shanghai Stock Exchange and the Shenzhen Stock Exchange that specializes in the creation of indices and index-related services. CSI is not affiliated with the Trustee, the Manager or the Sub-Manager, or any of their respective affiliates. The Sub-Manager has entered into a license agreement with CSI to use the Index and CSI marks, and sublicenses such rights to the Sub-Fund at no charge. The Manager and/or the Sub-Manager uses the marks for the purpose of promoting and marketing the Sub-Fund.

The Sub-Fund is neither sponsored nor promoted, distributed or in any other manner supported by CSI. The Index is compiled and calculated by CSI. CSI will apply all necessary means to ensure the accuracy of the Index. However, neither CSI nor the Shanghai Stock Exchange nor the Shenzhen Stock Exchange shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither CSI nor the Shanghai Stock Exchange nor the Shenzhen Stock Exchange shall be under any obligation to advise any person of any error therein. All copyrights in the Index values and constituent lists vest in CSI. Neither the publication of the Index by CSI nor the granting of a license of rights relating to the Index or to the Index Trademark for the utilization in connection with the Sub-Fund, represents a recommendation by CSI for a capital investment or contains in any manner a warranty or opinion by CSI with respect to the attractiveness of an investment in the Sub-Fund.

Index Licence Agreement

The initial term of the licence of the Index commenced on 7 March 2018 and should continue until 7 March 2021 on which date the licence should be renewed for successive terms of 2 year unless either party to the licence agreement serves a written notice of termination of at least 1 month prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.