恒生投資
HANG SENG INVESTMENT

PRODUCT KEY FACTS STATEMENT

HSI ESG Enhanced Select Index ETF

6 March 2026

Issuer: Hang Seng Investment Management Limited

- ***This is a passive exchange traded fund.***
- ***This statement provides you with key information about the HSI ESG Enhanced Select Index ETF (the "Fund").***
- ***This statement is a part of the Hong Kong Offering Document of the Fund.***
- ***You should not invest in the Fund based on this statement alone.***

Quick Facts

Stock Code:	03136
Trading Lot Size:	100 Units
Manager:	Hang Seng Investment Management Limited
Trustee:	Cititrust Limited
Custodian:	The Hongkong and Shanghai Banking Corporation Limited
Registrar:	HSBC Institutional Trust Services (Asia) Limited
Underlying Index:	HSI ESG Enhanced Select Index
Trading Currency:	Hong Kong Dollars ("**HKD**")
Base Currency:	HKD
Distribution Policy:	Quarterly cash distributions (if any) at the discretion of the Manager, which are expected to be in respect of each calendar quarter of each calendar year respectively. The Manager currently intends to make declaration of distributions in March, June, September and December of each year. Each Unitholder will receive distributions in HKD only. There is no guarantee of regular distributions and if distributions are paid the amount being distributed. The Manager may at its discretion pay distribution out of capital or effectively out of the capital^ of the Fund. Payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any such capital gains attributable to that original investment. Any such distributions may result in an immediate reduction in the Net Asset Value ("**NAV**") per Unit.
Financial Year End:	31 December
Ongoing Charges Over a Year*:	3.00%
Tracking difference of 2024#:	-0.91%
ETF Website:	www.hangseninvestment.com▲

* The ongoing charges figure is an annualized estimation based on the actual expenses expressed as a percentage of the Fund's average Net Asset Value for the period 1 January 2026 to 27 February 2026 (the "Period") (Estimated annualized ongoing charges figure (%) = (The actual expenses for the Period / the average Net Asset Value for the Period) x total number of days in 2026 / number of days of the Period x 100). It includes the set-up costs (amortised portion for the relevant period) of the Fund and fees of the Manager and the Trustee. Please refer to the "Fees and Expenses" section in the Hong Kong Offering Document for details. The actual figures may be different from the estimate. This figure may vary from year to year.

\# This is the actual annual tracking difference of the calendar year 2024. Investors should refer to the Fund's website for more up-to-date information on the actual tracking difference.

^ The Manager may at its discretion pay distribution out of gross income while charging/paying all or part of the Fund's fees and expenses to/out of the capital of the Fund (resulting in an increase in distributable income for the payment of distribution by the Fund), and thereby effectively pay distributions out of the capital of the Fund.

What is the Fund?

❖ The Fund is a fund constituted in the form of a unit trust and a sub-fund of the Hang Seng Investment Index Funds Series II, a unit trust established as an umbrella fund under the laws of Hong Kong. The Units of the Fund are

listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**"). These Units are traded on the SEHK like listed stocks. The Fund is a passively managed index tracking exchange traded fund ("**ETF**") falling under Chapter 8.6 of the Code on Unit Trusts and Mutual Funds (the "**Code**").

- The Fund is "physical" ETF meaning that it invests directly in and holds securities.

Objective and Investment Strategy

Objective

The investment objective of the Fund is to match as closely as practicable, before fees and expenses, the HKD denominated total return performance (net of withholding tax) of the HSI ESG Enhanced Select Index (the "**Index**") through investing primarily in the constituent securities of the Index.

Investment Strategy

In seeking to achieve the Fund's investment objective, the Manager will primarily adopt a full replication strategy by which the assets of the Fund will comprise the constituent securities with reference to their respective weightings in the Index.

In order to maximise portfolio management efficiency, minimise transaction cost and tracking error, exposure to the Index may also be obtained through representative sampling strategies or financial derivative instruments (such as futures) from which the return to the Fund will substantially reflect the performance of the Index. When representative strategies are used, the weighting of a particular constituent security in the Fund may exceed its weighting in the Index and such excess is subject to a maximum limit of up to 4% of the NAV of the Fund in respect of any constituent security.

Such strategies and financial derivative instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index. The Manager may adopt the full replication strategy or representative sampling strategies or instruments without notice.

Although financial derivative instruments may be used (as aforesaid), they will not be used extensively for investment purpose.

Currently, the Manager has no intention to have any securities lending, sale and repurchase and reverse repurchase transactions (collectively "**securities financing transactions**") or similar over-the-counter transactions entered into for the account of the Fund. In the future, where the Manager intends to have any securities financing transactions or similar over-the-counter transactions entered into for the account of the Fund, subject to SFC's prior approval (if necessary), 1 month's prior notice will be given to the relevant Unitholders. Currently, the Manager has no intention to enter into any transactions whereby the Fund will provide or receive collateral.

The investment strategy of the Fund is subject to the investment and borrowing restrictions set out in Schedule 1 of the Hong Kong Offering Document.

Index

The Index is designed to measure the overall performance of the Hong Kong stock market combined with environmental, social and governance ("ESG") initiatives from international lens (i.e. by applying internationally recognised ESG principles, data, research and ratings). The Index intends to achieve at least 20% improvement in ESG Risk Rating over the Hang Seng Index (the "Base Index").

It was launched on 29 November 2021 with a base value of 6,000 as of 7 December 2018. The Index is denominated in HKD and is calculated and disseminated real-time at 2-second intervals during trading hours of the SEHK. The Fund aims to match as closely as practicable, before fees and expenses, the performance of the total return (net of withholding tax) version of the Index, which is calculated on the basis that dividends are reinvested after the deduction of withholding taxes.

The Index is compiled and managed by Hang Seng Indexes Company Limited (the "Index Provider"), a wholly-owned subsidiary of Hang Seng Bank Limited.

The Index is constructed by selecting constituents through the application of the screening according to ESG risk ratings from Sustainalytics (the data provider) ("ESG Risk Ratings"), United National Global Compact ("UNGC") principles and controversial product involvement (as described below) to the index constituents of the Hang Seng Index. The Index constituents are then weighted with adjustments made in accordance with their tilting factors ("Tilting Factors") based on the ESG Risk Ratings assigned to each company.

The Index universe comprises the constituents of the Hang Seng Index. Secondary-listed foreign companies, stapled securities and biotech companies with stock names ended with marker "B" and specialist technology companies with stock names ended with marker "P" are excluded from the Index.

The Index adopts the following approaches in the selection of constituents: (i) ESG Risk Ratings screening and (ii) negative screening.

For ESG Risk Ratings screening, the constituents in the Base Index are ranked based on their ESG Risk Ratings (The data provider for the ESG Risk Ratings is Sustainalytics) in descending order (i.e. Rank 1 corresponds to the highest ESG risk). For constituents with missing ESG Risk Ratings (i.e. the constituent is not covered in Sustainalytics' ESG Risk Rating research universe), they will be excluded from the Index. The 10 constituents in the Base Index with the highest ESG risk will be excluded from the Index, subject to the buffer zone rule.

Negative screening would be applied from two dimensions, namely norms-based screening ("Norms-Based Screening") and controversial product involvement screening ("Product Involvement Screening").

In respect of Norms-Based Screening, the Index Provider will screen companies using data provided by Sustainalytics for compliance with international norms and standards with respect to the UNGC principles and securities issued by companies identified by Sustainalytics to be in violation of the UNGC principles will be excluded. In respect of Product Involvement Screening, Index Provider will employ screening using data provided by Sustainalytics to exclude securities issued by companies that reach the respective threshold in any of the following Product Involvement Screening areas:

Product Involvement Screening areas	**Threshold**
Thermal Coal Extraction	≥ 2.5% of revenue
Thermal Coal Power Generation	≥ 2.5% of capacity*
Tobacco Products Production	≥ 2.5% of revenue
Tobacco Products Retail	≥ 2.5% of revenue
Controversial Weapon Tailor-made and Essential	Any involvement
Controversial Weapons Non-tailor-made and Non-essential	Any involvement

* The % share of total production capacity coming from thermal coal

Weights of constituents with lower (higher) ESG Risk Ratings are tilted to be higher (lower), subject to the weight cap for the constituent in the Base Index. The ESG Risk Ratings measure the degree to which a company's economic value is at risk from financially material ESG risk factors. The ESG Risk Ratings are composed of three building blocks that contribute to a company's overall rating, including Corporate Governance and Stakeholder Governance, Material ESG Issues ("**MEIs**") and Systemic ESG Issues and Idiosyncratic Issues (referring to the occurrence of associated events). The ESG Risk Ratings build on a two-dimensional approach, starting with the "exposure" dimension reflecting the extent to which a company is exposed to material ESG risks, followed by the "management" dimension assessing how well the company manages its exposure to those risks. These two dimensions are applied across the three building blocks upon which the overall ESG Risk Rating for a company is determined. Ultimately, the ESG risk scores across each of the three building blocks are aggregated to arrive at an overall risk assessment for the ESG Risk Rating. The final rating outcome has been designed as a measure of unmanaged risk. Please refer to the relevant Appendix of the Hong Kong Offering Document for further details on the ESG Risk Ratings.

The Index is reviewed and rebalanced quarterly, incorporating the ESG Risk Ratings and the screening for the respective period. The methodology of the Index will be reviewed annually such that the targeted 20% improvement in ESG Risk Rating of the Index can be maintained.

Both the Manager and the Index Provider are presently subsidiaries of Hang Seng Bank Limited. The functions which the Index Provider and the Manager will perform in connection with the Fund may give rise to potential conflicts of interest but the Manager will manage any such conflicts in the best interest of investors. Please refer to the relevant Appendix to the Hong Kong Offering Document for further details. Sustainalytics provides data (including ESG Risk Ratings, Product Involvement Screening data and UNGC principles rating data) for use by the Index Provider in administering the Index.

As at 31 March 2025, the Index had 69 constituent securities and a free float-adjusted market capitalisation of HKD13,304.0 billion, representing a reduction of 14 constituent securities compared with the Hang Seng Index after applying the ESG selection approach as mentioned above. The constituents of the Index together with their respective weightings may be accessed via the Index Provider's website at: www.hsi.com.hk▲.

For details (including details of the Index methodology, latest index information and other important news), please refer to the website of the Index Provider at www.hsi.com.hk ▲.

Use of derivatives / investment in derivatives

The Fund's net derivative exposure may be up to 50% of its NAV.

What are the key risks?

Investment involves risks. Please refer to the "Risk Factors" section in the Hong Kong Offering Document of the Fund for details.

1. Investment Risks

- The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.

2. Equity Market Risk

- The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors (e.g. changes in investment sentiment, political and economic conditions and issuer-specific factors).

3. Concentration and Mainland Market Risks

- The Fund's investments are concentrated in Hong Kong listed securities (including H-shares, red chips shares and P chips shares) of specific industry sectors. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Hong Kong market.
- By investing in H-shares, red chips shares and P chips shares, the Fund is subject to the risks of investing in an emerging market, which include increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

4. Risks associated with ESG investing

- The use of ESG criteria in the construction of the Index, based on the proprietary methodology of the data provider, may affect the Index constituent selection and may hence affect the Fund's investment performance and, as such, the Fund may perform differently compared to funds with similar investment universes without the use of such criteria. Also, the Fund's investment performance may be different to funds which use similar criteria due to the lack of standardised taxonomy in relation to ESG and low carbon investing strategies.
- The data provider's ESG-related data are used in the construction of the Index. They may contain estimates based on the methodology of the data provider. Such methodology may differ from those used by other ESG data providers, resulting in the Index performing less well than portfolios with similar investment objectives, or the exclusion of certain securities when it might otherwise be advantageous for the Fund to invest in those securities.
- The construction of the Index is based on, among others things, the results from various ESG assessment and ratings as well as the application of certain ESG-based exclusion factors. It is possible that the Index may perform less well than portfolios with similar investment objectives that are not engaged in similar (or any) ESG rating assessments and ESG- based exclusions.
- The Fund's investments may be concentrated in companies with a greater ESG focus, which may have higher volatility than more diversified portfolios of investments.
- The constituent selection and Index calculation process involves analysis and exclusions based on ESG criteria. While the Manager and Index Provider have exercised care in the ESG-related data and information to be relied upon, such assessment by Sustainalytics may involve qualitative factors and it is thus possible that the relevant investment criteria may not be applied correctly.
- Evolving laws, regulations and market norms may change the ESG characteristics of a security, resulting in changes to the composition of the Index and/or requiring the Fund to sell the security. Neither the Fund nor the Manager accept liability in relation to such changes to the Index constituent selection.
- In evaluating a security or issuer based on ESG criteria, the Index Provider is dependent upon information and data from the data provider, which may be incomplete, inaccurate or unavailable from time to time, which may affect its ability to assess potential constituents for inclusion in and/or exclusion from the Index. There can be no assurance that the Index Provider's assessment based upon data and information from the data provider will reflect actual circumstances or that the stocks selected will fulfil ESG criteria. All of these factors can lead to the Fund forgoing investment opportunities which meet the relevant ESG criteria or investing in

securities which do not meet such criteria.

- ❖ The standard of disclosure adopted by funds in relation to relevant ESG factors or principles may vary.

5. Risks associated with investments in companies with weighted voting rights

- ❖ The Fund may invest in companies (such as innovative companies) which have a weighted voting rights (WVR) structure. This leads to issues relating to shareholder rights and corporate governance as well as investor protection, which may have a negative impact on the Fund where the Fund invests in the ordinary shares of such companies.

6. Risks associated with investment in financial derivative instruments

- ❖ Risks associated with financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Fund. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Fund.

7. PRC Tax Risk

- ❖ There are risks and uncertainties associated with the current PRC tax (including PRC Corporate Income Tax and PRC Value-Added Tax) laws, regulations and practice in respect of income (such as dividend income) derived in the PRC from the Fund's investments in H-shares, certain red chips shares and certain P chips shares (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value. The Fund may also be subject to other taxes imposed in the PRC, which may reduce the income from, and/or the value of, the relevant investments in the Fund.

8. Net Asset Value and Price fluctuations

- ❖ The trading price of the Units on the SEHK is driven by market factors such as the demand and supply of the Units. Therefore, the Units may trade at a substantial premium or discount to the Fund's NAV.
- ❖ 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 NAV per Unit when buying Units on the SEHK, and may receive less than the NAV per Unit when selling Units on the SEHK.

9. Passive Investment Risks

- ❖ The Fund is passively managed. The Manager will not have the discretion to adapt to market changes due to the inherent investment nature of the Fund. Falls in the Index are expected to result in corresponding falls in the value of the Fund.

10. Reliance on Market Maker Risks

- ❖ Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the Units and that at least one market maker gives not less than 3 months' notice prior to terminating market making arrangement, liquidity in the market for the Units may be adversely affected if there is no or only one market maker for the Units. There is also no guarantee that any market making activity will be effective.

11. Tracking Error Risks

- ❖ The Fund may be subject to tracking error risk, which is the risk that its performance may not track that of the Index exactly. This tracking error may result from the investment strategy used, exchange rate differences, fees and expenses. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the performance of the Index.

12. Termination Risks

- ❖ The Fund may be terminated early under certain circumstances, for example, where the Index is no longer available for benchmarking or if the size of the Fund falls below the equivalent of HKD4,000,000. Investors may not be able to recover their investments and may suffer a loss when the Fund is terminated.

13. Distribution Out of/Effectively Out of Capital Risk

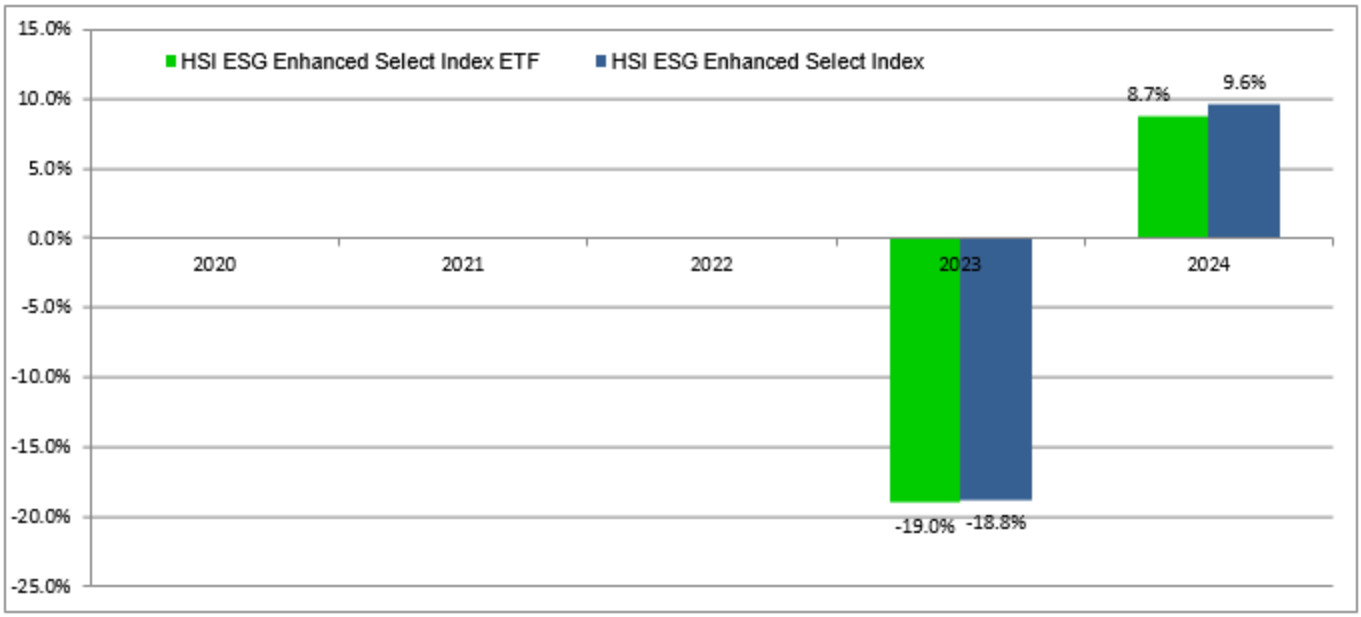
- ❖ Payment of distributions out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any

such distributions may result in an immediate reduction of the NAV per Unit.

14. Reliance on the Same Group Risk

- Both the Manager and the Index Provider, which calculates and reports the daily closing level of the Index (or designates parties to do so), are presently subsidiaries of Hang Seng Bank Limited. The functions which the Index Provider and the Manager will perform in connection with the Fund may give rise to potential conflicts of interest. Please refer to the Hong Kong Offering Document for further details.
- Each of the Registrar, the Administrator, the Custodian, the Manager (also acting as the Listing Agent) and the Index Provider are members of the HSBC Group (the "Group"). One or more of the Participating Dealers and/or Market Makers may also from time to time be members of the Group. Whilst these are separate legal entities and operationally independent, in the event of a financial catastrophe or the insolvency of any member of the Group, there may be adverse implications for the business of the Group as a whole or other members of the Group which could affect the provision of services to the Fund. In such event the NAV of the Fund may be adversely affected and its operation disrupted. Although all transactions will be at arm's length, conflicts of interest in respect of the Fund may arise from time to time amongst any of them whilst they belong to the Group. The Manager and each of its Connected Persons will have regard to its obligations to the Fund and Unitholders and will endeavour to ensure such conflicts are resolved fairly.

How has the Fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the total return performance is based on the calendar year end, Net Asset Value-To-Net Asset Value, with dividend (if any) reinvested.
- These figures show by how much the Fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding your trading costs on SEHK.
- The benchmark of the Fund is HSI ESG Enhanced Select Index (total return with dividend reinvested, net of withholding tax).
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 2022.

Is there any guarantee?

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges incurred when trading the Fund on the SEHK

Fee	What you pay
Brokerage Fee	Market rates
SFC Transaction Levy	0.0027%[1]
Accounting and Financial Reporting Council ("AFRC") Transaction Levy	0.00015%[2]
SEHK Trading Fee	0.00565%[3]
Stamp Duty	Nil

[1] SFC Transaction Levy of 0.0027% of the trading price of the Units is payable by each of the buyer and the seller.
[2] AFRC transaction levy of 0.00015% of the trading price of the Units is payable by each of the buyer and the seller.
[3] SEHK Trading Fee of 0.00565% of the trading price of the Units is payable by each of the buyer and the seller.

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the NAV of the Units of the Fund which may affect the trading price of the Fund.

Fee	Annual rate (as a % of the NAV of the Fund)
Management Fee	0.08%^
Trustee Fee	0.049%, subject to a minimum monthly fee of HKD15,925^
Performance Fee	Nil
Administration Fee	Nil

^ Please note that the annual rate stated may be increased up to a permitted maximum rate as set out in the Hong Kong Offering Document of the Fund by giving one month's prior notice to relevant Unitholders. Please refer to the "Fees and Expenses" section of the Hong Kong Offering Document for further details of the fees and charges payable.

Other Fees

You may have to pay other fees when dealing in the Units of the Fund.

Additional Information

You can find the following information of the Fund, both in the English and Chinese languages, at the website of the Fund at www.hangseninvestment.com▲ (this website has not been reviewed by the SFC):

(a) the Hong Kong Offering Document (including this Product Key Facts Statement) in respect of the Fund (as revised from time to time);

(b) the latest annual audited accounts and interim unaudited report;

(c) the last NAV (in HKD) and last NAV per Unit (in HKD) of the Fund (updated on a daily basis);

(d) the near real time indicative NAV per Unit (updated every 15 seconds during the SEHK trading hours throughout each dealing day) in HKD;

(e) the latest list of the participating dealers and market makers;

(f) the full holdings of the Fund (updated on a daily basis);

(g) any notices relating to material changes to the Fund which may have an impact on its investors, such as material alterations or additions to the Hong Kong Offering Document or the Fund's constitutive documents;

(h) any public announcements made by the Fund, including information with regard to the Fund and Index, notices of suspension of creation and redemption of Units, suspension of the calculation of the NAV, changes in fees and suspension and resumption of trading;

(i) the ongoing charges figure and the past performance information of the Fund;

(j) the annual tracking difference and tracking error of the Fund; and

(k) compositions of distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any,

for the last 12 months.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

▲ This website has not been reviewed by the SFC.

Issued by Hang Seng Investment Management Limited (wholly-owned subsidiary of Hang Seng Bank)