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SSIF DCE Iron Ore Futures Index ETF

Stock Codes: 09047 (USD counter) and 03047 (HKD counter)
(the “**Sub-Fund**”)

*(a sub-fund of SSIF ETF I (the “**Trust**”), an umbrella unit trust established under Hong Kong law, authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)*

Announcement

Changes to Investment Strategy, Change to Futures Rolling Strategy and Adoption of Offshore Broker Model and Update of Investment Flow and Account Structure and General Updates

Shanxi Securities International Asset Management Limited, the manager of the Trust and the Sub-Fund (the “**Manager**”), wishes to inform Unitholders of the following changes which will come into effect on 2 March 2021 (the “**Effective Date**”): (i) changes to investment strategy; (ii) change to futures rolling strategy; (iii) adoption of offshore broker model and update of investment flow and accounts structure; and (iv) other general updates.

Investors should exercise caution in dealing with the Units of the Sub-Fund.

Unless otherwise stated, capitalised terms used in this Announcement shall have the same meaning ascribed to them in the prospectus of the Trust and the Sub-Fund dated 19 March 2020 (the “**Prospectus**”).

A. Changes to investment strategy

With effect from the Effective Date, the investment strategy of the Sub-Fund will be changed as follows:

1. Allocation to margin and holding in cash / other investments

The cap for margin used to acquire the DCE Iron Ore Futures Contracts will be increased from 20% to 40% of the Net Asset Value of the Sub-Fund. Consequently, the threshold for holding in cash and other investments will be reduced from 80% to 60% of the Sub-Fund's Net Asset Value.

The increase in the cap for margin is proposed to cater for exceptional circumstances, including but not limited to imposition of more stringent margin requirement by an exchange or clearing brokers in extreme market turbulence. The increase can facilitate the Manager's fund management function in the best interest of the Sub-Fund and its investors, and for the protection of the Sub-Fund under exceptional circumstances.

2. Flexibility of increase in margin under exceptional circumstances

While it is anticipated that, from the Effective Date onwards, not more than 40% of the Net Asset Value of the Sub-Fund will be used as margin to acquire the DCE Iron Ore Futures Contracts as described in paragraph A1 above, under exceptional circumstances (e.g. increased margin requirement by the exchange and/or brokers in extreme market turbulence), the margin exposure may increase substantially beyond 40% of the Net Asset Value of the Sub-Fund.

Consequently, the percentage of the Sub-Fund's Net Asset Value which will be applied to holding in cash and other investments may be reduced proportionally under exceptional circumstances when there is a higher margin exposure, as described above.

The Manager believes that this enhancement of investment strategy is for protection of the Sub-Fund under exceptional circumstances and it is in the best interest of the Sub-Fund and its investors.

3. Updates to composition of cash holding; investment in money market funds not authorised by the Commission and in certificate of deposits

Currently, apart from the margin, the Sub-Fund may hold cash (USD) as deposits with banks in Hong Kong and/or invest in money market funds authorised by the Commission¹ in accordance with the requirements of the Code. To facilitate the timely collection, payment and exchange of funds including trade margin and other cash related to the trading the DCE Iron Ore Futures Contracts, it is proposed that the Sub-Fund's cash may also be held in the Sub-Fund's settlement accounts in Mainland China or offshore. Also, the Sub-Fund may also hold deposits in HKD and RMB with banks in Hong Kong in addition to USD.

In addition, to provide the Manager with greater investment flexibility with an aim to achieve better yields from the Sub-Fund's assets to meet the Sub-Fund's fees and expenses, from the Effective Date onwards, the Sub-Fund will also be able to hold certificates of deposits in USD issued by banks in Hong Kong, as well as to invest up to 10% of its Net Asset Value in money market funds which are not authorised by the Commission.

Accordingly, with effect from the Effective Date, not less than 60% of the Net Asset Value of the Sub-Fund (this percentage may be reduced proportionally under exceptional circumstances when there is a higher margin exposure, as described above) will be applied by the Manager towards:

- (i) holding cash as deposits (a) in USD, HKD and RMB with banks in Hong Kong and (b) in RMB and USD in the Sub-Fund's settlement accounts with the Designated Depository Bank (Direct Access Route) in Mainland China and/or with the Offshore Brokers (Indirect Access Route), as the case may be;

¹ The Commission's authorisation is not a recommendation or an 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.

- (ii) holding certificates of deposits in USD issued by banks in Hong Kong; and/or
- (iii) investing up to 60% of the Net Asset Value in money market funds denominated in different currencies such as USD, HKD and RMB (but less than 30% of the Net Asset Value in each money market fund) authorised by the Commission¹ in accordance with the requirements of the Code and/or up to 10% in money market funds which are not authorised by the Commission.

B. Change to futures rolling strategy

The Manager will seek to carry out the rolling of the Sub-Fund according to the rolling strategy as stated in the Prospectus. For the Sub-Fund, under normal market conditions, the roll will take place over a five consecutive business day period where the Underlying Index gradually reduces the weighting of the main DCE Iron Ore Futures Contract and increases the weighting of the next main DCE Iron Ore Futures Contract so that on the first day of the roll-over period the main DCE Iron Ore Futures Contract represents 80% and the next main DCE Iron Ore Futures Contract represents 20% of the Underlying Index. However, to cater for exceptional circumstances, from the Effective Date onwards, the Manager will be given the flexibility such that it may use its discretion to deviate from the roll-over schedule as mentioned above in the best interests of the Sub-Fund and the Unitholders.

C. Adoption of offshore broker model and update of investment flow and account structure

As set out in the Prospectus, there are two routes to get access to the DCE Iron Ore Futures Contracts through the Iron Ore Futures Market Internationalisation Scheme (the “**Scheme**”): (1) open accounts directly through PRC brokers which are members of the DCE (the “**Direct Access Route**”) or (2) participate in the Scheme through the sub-delegation channel to access onshore PRC brokers which are members of the DCE via offshore brokers located in Hong Kong or overseas (the “**Indirect Access Route**”). While the Sub-Fund currently adopts the Direct Access Route only, with effect from the Effective Date, the Sub-Fund will be able to trade the DCE Iron Ore Futures Contracts via both the Direct Access Route and the Indirect Access Route.

After the change, the Sub-Fund will be able to minimize concentration risk of investing via in a limited number of PRC brokers and achieve overall enhancement to the operation of the Sub-Fund by facilitating overseas operation, including the overall relationship to attract overseas investments into the Sub-Fund.

To enable this, Goldman Sachs International and CSC Futures (HK) Limited will be appointed as the offshore brokers of the Sub-Fund in respect of its investment via the Indirect Access Route (the “**Offshore Brokers (Indirect Access Route)**”). The Offshore Brokers (Indirect Access Route) have an inter-broker arrangement with members of the DCE, namely, Qian Kun Futures Co. Ltd and BOC International Futures Limited, respectively (the “**PRC Brokers (Indirect Access Route)**”) which enable the Sub-Fund to trade the DCE Iron Ore Futures Contracts under the Scheme. Accordingly, from the Effective Date onwards, the Manager will be able to trade the DCE Iron Ore Futures Contracts either directly via the PRC Brokers (Direct Access Route), or to send the trade orders to the PRC Brokers (Indirect Access Route) via the Offshore Brokers (Indirect Access Route). The investment flow and account structure chart in the Prospectus will be updated accordingly to reflect the arrangement under the Indirect Access Route to cater for the adoption of this offshore broker model. The parties involved in the Indirect Access Route will also be reflected in the Prospectus.

D. General updates

In addition, the Prospectus and the Product Key Facts Statement of the Sub-Fund (“**KFS**”) will be updated to reflect the following miscellaneous updates:

- Update to the list of PRC Brokers (Direct Access Route);
- Update to the list of Participating Dealers;
- Updates to the disclosures on the characteristic of DCE Iron Ore Futures Contracts in the Prospectus; and
- Update to the KFS to reflect the updated ongoing charges figure of the Sub-Fund.

E. Impact on the Sub-Fund

Other than as outlined above, the Manager does not expect the changes described in this Announcement will result in:

1. any changes to the features or risks applicable to the Sub-Fund;
2. any changes to the operation and/or manner in which the Sub-Fund is being managed;
3. any material prejudice to the Unitholders' rights or interests; or
4. any changes to the fee level or costs in managing the Sub-Fund following the implementation of these changes.

Costs and/or expenses associated with the changes described in this Announcement will be borne by the Manager.

The changes described in this Announcement do not require Unitholders' approval.

F. General

The Prospectus and the KFS will be updated to reflect the above changes, as well as to reflect certain miscellaneous updates and enhancement of risk disclosures applicable to the Sub-Fund. The revised Prospectus and KFS will be published on the Manager's website at <http://am.ssif.com.hk> (this website has not been reviewed by the Commission) and HKEX's website at www.hkex.com.hk on or around the Effective Date, and will also be available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager.

Investors who have any enquiries regarding the above may contact the Manager during office hours. The contact details of the Manager are as follows:

Telephone: (852) 2501 1001

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**Shanxi Securities International Asset Management Limited
as Manager of the Trust and the Sub-Fund**

2 February 2021