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

SSIF DCE Iron Ore Futures Index ETF (the "**Sub-Fund**") is a futures-based exchange traded fund. Investment in the Sub-Fund is only suitable to those investors who are in a financial position to assume the risks involved in futures investments.

Futures investments are subject to certain key risks including leverage, counterparty and liquidity risks. Movement in the prices of futures may be highly volatile. The Sub-Fund may not be suitable for all investors. It is possible that the entire value of your investment could be lost.

Please refer to section "***4. General Risk Factors***" of Part 1 of this Prospectus as well as any specific risk factors relating to a Sub-Fund as set out in Part 2 of this Prospectus.

SSIF ETF I

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

PROSPECTUS

MANAGER

Shanxi Securities International Asset Management Limited

March 2021

The Stock Exchange of Hong Kong Limited ("**SEHK**"), Hong Kong Exchanges and Clearing Limited ("**HKEX**"), Hong Kong Securities Clearing Company Limited ("**HKSCC**") and the Hong Kong Securities and Futures Commission ("**Commission**") take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. SSIF ETF I ("**Trust**") and its sub-funds set out in Part 2 of this Prospectus (collectively referred to as the "**Sub-Funds**") have been authorised by the Commission pursuant to section 104 of the Securities and Futures Ordinance. Each of the Sub-Funds is a fund falling within Chapter 8.6 of the Code on Unit Trusts and Mutual Funds ("**Code**"). Authorisation by the Commission is not a recommendation or endorsement of the Trust or any of the Sub-Funds nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the Trust or the Sub-Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

TABLE OF CONTENTS

PARTIES

Manager
Shanxi Securities International Asset Management Limited
Unit A, 29/F, Admiralty Center Tower 1
18 Harcourt Road, Admiralty
Hong Kong

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

Service Agent or Conversion Agent
HK Conversion Agency Services Limited
1st Floor, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

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

Participating Dealer
Please refer to the relevant Appendix of each Sub-Fund.

Market Maker
Please refer to the relevant Appendix of each Sub-Fund.

Designated Depository Bank (Direct Access Route)*
HSBC Bank (China) Company Limited
27/F, HSBC Building
Shanghai IFC
8 Century Avenue
Pudong, Shanghai
China 200120

PRC Brokers (Direct Access Route)*

Gelin Dahua Futures Co., Ltd.
21F, Block A, IFC Tower
No. 8 Jian Guo Men Wai Street, Chaoyang District
Beijing, China; and

Citic Futures Co., Ltd.
1301-1305,14/F, CITIC Securities Tower
No.8 Zhongxin 3rd Road, Futian District
Shenzhen, China; and

China Futures Co., Ltd.
11/F., Huangguan Building
No.107 Zhongshan 3rd. Road, Yuzhong District
Chongqing, China

Depository Bank (Indirect Access Route) #

Bank of China, Shanghai Branch
200 Mid. Yincheng Road
Pudong new District, Shanghai
China 200120

Offshore Brokers (Indirect Access Route)#

Goldman Sachs International
Plumtree Court
25 Shoe Lane, London
EC4A 4AU
United Kingdom; and

CSC Futures (HK) Limited
Unit 3204-07, 32/F, Cosco Tower
183 Queen's Road Central
Hong Kong

PRC Brokers (Indirect Access Route)#

Qian Kun Futures Co., Ltd
Room 02B, 03A2, 16/F, Tower One, Kerry Plaza
No.1, Zhongxinsi Road, Futian
Shenzhen, China; and

BOC International Futures Limited
903-909, 9F, No. 1589, Century Avenue
Shanghai, China 200122

Legal Adviser to the Manager
Deacons
5th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

Auditors
PricewaterhouseCoopers
21/F Edinburg Tower
15 Queen's Road Central
Hong Kong

Directors of the Manager
SONG Qihu
YAN Wing Yin William
ZHANG Haimo

*In respect of the SSIF DCE Iron Ore Futures Index ETF (under the Direct Access Route as defined in Appendix 1)

#In respect of the SSIF DCE Iron Ore Futures Index ETF (under the Indirect Access Route as defined in Appendix 1)

PRELIMINARY

This Prospectus has been prepared in connection with the offer in Hong Kong of Units in the Trust and its Sub-Funds. The Trust is an umbrella unit trust established under Hong Kong law by a trust deed dated 24 February 2020, between Shanxi Securities International Asset Management Limited (the "**Manager**") and HSBC Institutional Trust Services (Asia) Limited (the "**Trustee**"), as amended and/or supplemented from time to time.

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

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

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised. Distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the latest Product Key Facts Statement of each of the Sub-Funds, the latest annual report of the Trust (if any) and, if later, its most recent interim report.

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

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

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

Investors should note that any amendment or addendum to this Prospectus will only be posted on the Manager's website http://am.ssif.com.hk[1].

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

[1] The contents of this website and any other websites referred to in this Prospectus have not been reviewed by the Commission.

DEFINITIONS

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

"**Application**" means, in respect of a Sub-Fund, a Creation Application or a Redemption Application.

"**Application Basket Value**" means the aggregate value of the Securities and/or Futures Contracts comprising a Basket as fixed by the Manager on the relevant Valuation Day for the purpose of the creation and redemption of Units in an Application Unit size.

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

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

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

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

"**Basket**" means, for the purpose of the creation and redemption of Units in an Application Unit size, a portfolio of Securities and/or Futures Contracts, which seeks to benchmark the Underlying Index by replication strategy provided that such portfolio shall comprise only whole numbers of Securities and/or Futures Contracts and no fraction or, if the Manager determines, shall comprise only round lots and not odd lots.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**CRS Ordinance**" means the Inland Revenue (Amendment) (No.3) Ordinance 2016, the Inland Revenue (Amendment) (No.2) Ordinance 2017 and the Inland Revenue (Amendment) (No.2) Ordinance 2019.

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

"**DCE**" means Dalian Commodity Exchange.

"**DCE Iron Ore Futures Contracts**" means iron ore Futures Contracts traded on DCE.

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

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

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

"**Dual Counter**" means the facility by which the Units of a Sub-Fund traded in USD 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 HKD) as described in this Prospectus.

"**Duties and Charges**" means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies, all fees, duties and charges as set out in the Operating Guidelines and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities and/or Futures Contracts (as the case may be) 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 and/or Futures Contracts (as the case may be) of the Trust for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities and/or Futures Contracts (as the case may be) 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 and/or Futures Contracts (as the case may be) if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust upon such redemption of Units.

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

"**FATCA**" means the US Foreign Account Tax Compliance Act and Sections 1471-1474 of the IRC.

"**FI**" means financial institution.

"**FFI**" means foreign financial institution.

"**FFI Agreement**" means the agreement entered into by the FFI with the IRS to comply with FATCA.

"**Futures Contract**" means any futures contract which is traded on any futures exchange.

"**GIIN**" means Global Intermediary Identification Number.

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

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

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

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

"**IGA**" means intergovernmental agreement between the US and the relevant jurisdiction for the implementation of FATCA.

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

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

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

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

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

"**Investment Delegate**" means an entity that has been delegated with investment management function of a Fund or Sub-Fund as the case may be.

"**IRC**" means the US Internal Revenue Code of 1986, as amended.

"**IRD**" means Hong Kong Inland Revenue Department.

"**IRS**" means US Internal Revenue Service.

"**Issue Price**" means, in respect of each Sub-Fund, the issue price per Unit of a particular class during the Initial Offer Period as determined by the Manager in respect of such class of Units and thereafter the issue price per Unit calculated pursuant to the Trust Deed at which Units are from time to time issued or to be issued, each as set out in Part 2 of this Prospectus.

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

"**Listing Date**" means the date on which Units are listed on the SEHK.

"**Mainland**" or "**Mainland China**" means all customs territory of the People's Republic of China.

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

"**MOF**" means the Ministry of Finance of the PRC.

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

"**Operating Guidelines**" means, in respect of a Sub-Fund, the operating guidelines governing the Participating Dealers, including without limitation, the procedures for creation and redemption of Units of such Sub-Fund, as amended from time to time by the Manager with the approval of the Trustee, and where applicable, with the approval of HKSCC and the Conversion Agent, and, if they are parties to the Participation Agreement, the Service Agent and HKSCC and following consultation, to the extent reasonably practicable, with the Participating Dealers and as notified in writing to the Participating Dealers in accordance with the terms of the relevant Participation Agreement.

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

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

"**PD Agent**" means a person who is admitted by HKSCC as either a District 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.

"**PRC**" means the People's Republic of China.

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

"**Qualified Exchange Traded Funds**" means exchange traded funds that are:

(a) Authorised by the Commission under 8.6 or 8.10 of the Code; or

(b) 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 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 8.10 of the Code.

"**Redemption Application**" means, in respect of a Sub-Fund, an application by a Participating Dealer for the redemption of Units in Application Unit size (or whole multiples thereof) in accordance with the relevant procedures set out in the Trust Deed and the relevant Participation Agreement.

"**Redemption Price**" means, in respect of a Unit of each Sub-Fund, the redemption price per Unit of a particular class calculated in accordance with the Trust Deed at which Units are from time to time redeemed, as set out in Part 2 of this Prospectus.

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

"**Registrar**" means, such person as the Trustee may from time to time, appoint to maintain the Register in respect of the Trust and in default of such appointment shall mean the Trustee.

"**reverse repurchase transactions**" means means transactions whereby a scheme purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an agreed price in the future.

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

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

“**sale and repurchase transactions**” means transactions whereby a scheme sells its securities to a counterparty of reverse repurchase transactions and agrees to buy such securities back at an agreed price with a financing cost in the future.

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

“**Securities**” means any share, stock, debenture, loan stock, bond, security, commercial paper, acceptance, trade bill, warrant, participation note, certificate, structured product, treasury bill, instrument or note 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;
(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.

“**securities financing transactions**” means collectively securities lending transactions, sale and repurchase transactions and reverse repurchase transactions.

“**securities lending transactions**” means transactions whereby a scheme lends its securities to a security-borrowing counterparty for an agreed fee.

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

“**Secondary Market Investor**” means an investor who purchases and sells Units in the secondary market on the SEHK.

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

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

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

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

“**Structured Fund**” means any Sub-Fund which seeks to achieve its investment objective primarily through investment in financial derivative instruments and authorised under Chapter 8.8 of the Code, for example futures, swap or market access products or similar arrangement.

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

“**Transaction Fee**” means the fee which may at the discretion of the Trustee be charged for the account and benefit of the Trustee to each Participating Dealer under the Trust Deed, the maximum level of which shall be determined by the Trustee with the consent of the Manager from time to time and set out in Part 2 of this Prospectus.

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

"**Trust Deed**" means the trust deed dated 24 February 2020 between the Manager and the Trustee, as amended, modified and/or supplemented from time to time.

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

"**Underlying Index**" means the index against which the relevant Sub-Fund is benchmarked.

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

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

"**US**" means the United States of America.

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

"**Unqualified Person**" means:

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

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

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

"**Valuation Point**" means, in respect of a Sub-Fund, the official closing of trading on the securities or futures market on which the Securities or Futures Contracts constituting the Underlying Index are listed on each Valuation Day, and in case there are more than one such markets, 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 Valuation Day other than where there is a suspension of determination of the Net Asset Value of the relevant Sub-Fund pursuant to the provisions of the Trust Deed.

“**Withholdable Payments**” mean payments that may be subject to withholding under FATCA such as interest, dividends from securities of US issuers and “Foreign Pass Thru Payments” which are yet to be defined in US Treasury Regulations.

PART 1

GENERAL INFORMATION RELATING TO THE TRUST

PART 1 - GENERAL INFORMATION RELATING TO THE TRUST

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

1. THE TRUST

The Trust is an umbrella unit trust constituted by way of a trust deed dated 24 February 2020, between Shanxi Securities International Asset Management Limited as Manager and HSBC Institutional Trust Services (Asia) Limited as Trustee (as amended and/or supplemented from time to time). The terms of the Trust Deed are governed by the laws of Hong Kong.

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

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

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

2. KEY OPERATORS AND SERVICE PROVIDERS

2.1 Manager

The Manager of the Trust and its Sub-Funds is Shanxi Securities International Asset Management Limited.

The Manager, which has a paid-up capital of HKD50 million as of February 2020, is a wholly owned subsidiary of Shanxi Securities Co Ltd, a company incorporated in Mainland China and listed on the Shenzhen Stock Exchange (stock code: 2500). The Manager is dedicated to serving investor as a connection for investment between both Mainland China and the rest of the world to deliver specified asset class return and volatility for both institutional client and retail investors.

The Manager provides discretionary management services to both institutional investors and investment funds.

The Manager is licensed to carry on Type 4 (Advising on Securities), Type 5 (Advising on Futures Contracts) and Type 9 (Asset Management) regulated activities under Part V of the Securities and Futures Ordinance.

2.1.1 Directors of the Manager

The directors of the Manager are Mr. SONG Qihu, Mr. YAN Wing Yin William, Ms. ZHANG Haimo.

Mr. SONG Qihu

Mr. SONG is the director and responsible officer of the Manager.

Mr. SONG graduated from Henan University of Economics and Law in 1995. Prior to joining Shanxi Group, he had 13 years of experience performing research, identifying strategic investment opportunities, and assessing market and industry trends. He is experienced in research and investments especially in commodities, financial derivatives and quantitative trading products. He is responsible for exploring business opportunities in the private fund sector.

Mr. YAN Wing Yin William

Mr. YAN Wing Yin William has over 25 years of accounting and auditing experience in both Hong Kong and Australia. He has been serving the financial services industry in Hong Kong for over 17 years. He currently acts as the Chief Financial Officer and Chief Operating Officer of Shanxi Securities International Financial Holdings Ltd. Mr. YAN joined China Everbright Limited, a Hong Kong listed company, in 2000 and subsequently acted as the Chief Financial Officer of China Everbright Securities International Ltd (a wholly owned subsidiary of Everbright Securities Co. Ltd., a Shanghai and Hong Kong listed company).

Mr. YAN graduated from Macquarie University in Australia in 1988 and obtained an MBA degree from the University of New South Wales in 1996. He is currently a fellow member of the CPA Australia and a qualified member of the Hong Kong Institute of Certified Public Accountants.

Ms. ZHANG Haimo

Ms. ZHANG is the director and responsible officer of the Manager. She is responsible for supervising the investment decision process and the daily activities and operation of both mutual fund and private fund, formulating investment strategies and monitoring portfolio performance. Ms. Zhang joined Shanxi Securities Co Ltd in March 2018 as Head of Research, Mutual Fund. Between 2015 and January 2018, Ms. Zhang was the Head of Equity Investment of Western Securities Co., Limited, in which she also managed the proprietary investments (including equities) for Western Securities. Between September 2003 and September 2015, Ms. Zhang worked for Huaan Fund Management Co., Limited in Mainland China, during which she managed around five exchange-traded funds.

Ms. ZHANG obtained a Bachelor of Management degree and a Master of Business Administration degree from Fudan University.

2.2 Listing Agent

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

2.3 Trustee and Registrar

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

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

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

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

The Trustee may from time to time appoint such person or persons as it thinks fit (including, without limitation, any of its Connected Persons) to hold as custodian, co-custodian, depository bank, delegate, nominee or agent, all or any of the investments, assets or other property comprised in any of the Sub-Funds and may empower any such custodian, co-custodian, nominee or agent to appoint, with the prior consent in writing of the Trustee, co-custodians and/or sub-custodians (each such custodian, depository bank, delegate, nominee, agent, co-custodian and sub-custodian a "**Correspondent**"). The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and on-going monitoring of such Correspondents which are appointed for the custody and/or safekeeping of any of the investments, cash, assets or other property comprised in the Trust and the Sub-Funds and (b) be satisfied that such Correspondents retained remain suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Sub-Fund(s). The Trustee shall be responsible for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee but provided that the Trustee has discharged its obligations set out in (a) and (b) of this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a Connected Person of the Trustee.

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of Euro-clear Clearing System Limited or Clearstream Banking S.A. or any other such central depository or clearing and settlement system in relation to any investment deposited with such central depository or clearing and settlement system.

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

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

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

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

The Trustee will be entitled to the fees described in the section headed "***12. Fees and Charges***" under the heading "***12.2 Trustee's and Registrar's Fee***" below and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

The Manager has the sole responsibility for making investment decisions in relation to the Trust and/or each Sub-Fund and the Trustee (including its delegates) are not responsible for and have no liability for any investment decision made by the Manager. Except as expressly stated in this Prospectus, the Trust Deed and/or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be directly or indirectly involved in the business affairs, organisation, sponsorship or investment management of the Trust or any Sub-Fund. Also, none of the Trustee, its employees, service providers or agents is responsible for the preparation or issue of this Prospectus, and does not accept responsibility for any information contained in this Prospectus, other than the descriptions under this section "***2.3 Trustee and Registrar***".

2.4 Service Agent or Conversion Agent

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

2.5 Auditors

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

2.6 Participating Dealers

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

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

The list of Participating Dealers or PD Agent (as the case may be) in respect of each Sub-Fund is available on http://am.ssif.com.hk. The Participating Dealers or PD Agent (as the case may be) are not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus.

2.7 Market Makers

A market maker is a broker or a dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK. A market maker's obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for Units on the SEHK. Market makers accordingly facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required in accordance with the market making requirements of the SEHK.

Subject to applicable regulatory requirements, the Manager intends to ensure that there is at least one market maker for each Sub-Fund to facilitate efficient trading. Where a Dual Counter has been adopted it is a requirement that the Manager ensures that there is at all times at least one market maker for Units traded in each counter although these market makers may be the same entity. If the SEHK withdraws its permit to the existing market maker(s), the Manager will endeavour to ensure that there is at least one other market maker per Sub-Fund (or per counter where a Dual Counter has been adopted) to facilitate the efficient trading of Units. The Manager will ensure that at least one market maker per Sub-Fund (or per counter where a Dual Counter has been adopted) is required to give not less than 3 months' prior notice to terminate market making under the relevant market making agreement.

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

2.8 Investment Delegate and/or investment adviser

The Manager undertakes the management of the assets of the Trust. The Manager may appoint Investment Delegate(s) and/or investment adviser(s) to provide advice or services to the Manager in relation to any Sub-Fund.

The details of the Investment Delegate and/or investment adviser appointed in respect of a Sub-Fund are set out in Part 2 of this Prospectus.

3. INVESTMENT CONSIDERATIONS

The investment objective of each Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Underlying Index to that Sub-Fund.
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. No Sub-Fund is a "synthetic" exchange traded fund.

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

4. GENERAL RISK FACTORS

Investments involve risks. Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of each Sub-Fund and the income from them may go down as well as up and an investor may not get back part or all of the amount they invest.
The performance of each Sub-Fund will be subject to a number of risks, including those risk factors set out below. Some or all of the risk factors may adversely affect a Sub-Fund's Net Asset Value, yield, total return and/or its ability to achieve its investment objective. There is no assurance that a Sub-Fund will achieve its investment objective. The following general risk factors apply to each Sub-Fund unless stated otherwise.

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

4.1 Risk factors relating to Mainland China

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

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

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

The Mainland Chinese securities market has in the past experienced substantial price volatility, and there is no assurance that such volatility will not occur in future.

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

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

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

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

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

(a) *Corporate Income Tax ("**CIT**"):*

If the Trust or the relevant Sub-Fund is considered as a tax resident enterprise of the PRC, it will be subject to PRC CIT at 25% on its worldwide taxable income. If the Trust or the relevant Sub-Fund is considered as a non-tax resident enterprise with an establishment or place of business ("**PE**") in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

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

Commodity futures trade without physical settlement

On 13 March 2018, the MOF, the SAT and the CSRC jointly issued a circular Caishui [2018] No. 21 ("**Circular 21**") on Tax Policy for Supporting the Opening of the Crude Oil Futures and Other Commodity Futures Market, which stipulates that overseas institutional investors which do not have an establishment or place in the PRC or have an establishment or place in the PRC but the income so derived in the PRC is not effectively connected with such establishment, will be temporarily exempted from PRC CIT on income derived from trading of crude oil futures within Mainland China (excluding physical settlement). Trading of other commodity futures by overseas investors, which are approved by the State Council, shall also follow the tax treatment stipulated in Circular 21.

Although the trading of iron ore futures by overseas investors is approved by CSRC rather than the State Council directly, the CSRC (as an authorised body of the State Council) has consent from the State Council to grant such approvals. Given that the CSRC also approves crude oil futures trading by overseas investors, the trading of which is non-taxable for CIT purpose, it is reasonable to expect that the income derived by overseas investors from trading of iron ore futures within Mainland China (excluding physical settlement) can also enjoy the similar CIT non-taxable treatment as that of crude oil futures. Having said that, the non-taxable treatment on income derived by overseas investors from trading of iron ore futures within Mainland China (excluding physical settlement) is subject to confirmation by the PRC tax authorities.

Commodity futures trade with physical settlement

Potentially, the gains derived from commodity trade with physical settlement may be subject to CIT at 25% as the Sub-Fund may be deemed as having created a PE in the PRC given the purchase and/or sale contract are concluded in the PRC via the commodity exchange in the PRC and the goods are delivered in the PRC.

(b) *Value Added Tax ("**VAT**"):*

Commodity futures trade without physical settlement

The MOF and the SAT issued the "Notice on the Comprehensive Roll-out of the B2V Transformation Pilot Program (the "**B2V Pilot Program**")" (Caishui [2016] No. 36) ("**Circular 36**") on 23 March 2016. Circular 36 sets out that the B2V Pilot Program covers all the remaining industries of the program, including financial services. Circular 36 took effect from 1 May 2016, unless otherwise stipulated therein.

According to Circular 36, the trading of financial products shall be levied at the rate of 6% on the difference between the selling and buying price of the financial products. The trading of financial products refers to the trading of forex, marketable securities, non-commodity futures and other types of financial products. It seems to imply (while not stated explicitly) that commodity futures trading with no physical settlement is out of the scope of VAT. Therefore, the Sub-Fund may take the position that capital gains derived from trading of iron ore futures with no physical settlement are not subject to VAT by relying on the definition in Circular 36.

Commodity futures trade with physical settlement

Pursuant to circular Guoshuifa [1994] No. 244 ("**Circular 244**"), trading of commodity futures will be subject to VAT at the time of physical settlement. Currently, overseas investors trading iron ore futures in the PRC via DCE can only handle the physical settlement in bonded areas (i.e. bonded physical delivery). According to circular Caishui [2015] No. 35, bonded physical delivery of iron ore futures trading is temporarily exempted from VAT; while non-bonded physical delivery should be subject to VAT according to Circular 244.

(c) *Stamp duty:*

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Transfer of futures contracts without physical settlement should not be subject to stamp duty. Technically, physical settlement of commodity futures contracts may be deemed as sales of goods and subject to stamp duty at 0.03%. In practice, there is no stamp duty levied on transfer of commodity futures contracts on commodity exchanges.

(d) *General:*

It should also be noted that the prevailing PRC tax regulations specified that the tax exemption on gains derived from the trading of crude oil futures and other commodity futures approved by the State Council of the PRC is temporary. It is uncertain whether the temporary CIT exemption on crude oil futures would apply to iron ore futures. There is a possibility of the PRC tax rule, regulations and practice being changed and taxes being applied retrospectively and that such changes may result in higher taxation on the Mainland China investments than currently contemplated. The PRC tax rules and practices in relation to trading of commodity futures by overseas investors are new and tax treatment on gains derived by overseas investors from trading of commodity futures other than crude oil could be uncertain and may change in the future. There are also risks and uncertainties associated with the current PRC tax laws, regulations and practice. As such, there is a risk that any tax provision made by the Manager in respect of the Sub-Funds may be more than or less than the Sub-Funds' respective actual tax liabilities, which may potentially cause substantial loss to the Sub-Funds. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding policy of the Sub-Funds accordingly, taking into account independent professional tax advice.

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

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

(e) *Tax provision:*

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

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

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

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

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

The regulatory and legal framework for capital markets and joint stock companies in Mainland China may not be as well developed as those of developed countries. Mainland Chinese laws and regulations affecting securities and/or futures markets are evolving. There can be no assurance that changes in legislation or interpretation thereof will not have an adverse effect upon the business and prospects of the relevant Sub-Fund's portfolio investments in Mainland China.

4.2 Investment risks

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

- Less liquid and less efficient securities markets;
- Greater price volatility especially for Sub-Funds investing in equity securities;
- Exchange rate fluctuations and exchange controls;
- Less publicly available information about issuers;
- The imposition of restrictions on the expatriation of funds or other assets of a Sub-Fund;
- Higher transaction and custody costs and delays and risks of loss attendant in settlement procedures;
- Difficulties in enforcing contractual obligations;
- Lesser levels of regulation of the securities markets;
- Different accounting, disclosure and reporting requirements;
- More substantial government involvement in the economy;
- Higher rates of inflation; and
- Disruption of normal market trading and valuation of securities due to extreme market conditions, natural catastrophes, greater social, economic, and political uncertainty and the risk of nationalization or expropriation of assets and war or terrorism.

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

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

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

Currency risk. Assets of a Sub-Fund may be invested in securities and other investments which are denominated in currencies other than the currency in which the Sub-Fund are denominated. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Manager may seek to hedge the foreign currency exposure but the Sub-Fund will necessarily be subject to foreign exchange risks and there can be no assurance that any hedges which are put in place will be effective. Prospective investors whose assets and liabilities are predominantly in currencies other than the currency in which their Units will be denominated should take into account the potential risk of loss arising from fluctuations in value between the currency in which their Units will be denominated, the currency of investment and the currencies of their assets and liabilities.

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

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

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

Asset class risk. Although the Manager is responsible for the continuous supervision of the investment portfolio of each Sub-Fund, the returns from the types of Securities and/or Futures Contracts in which a Sub-Fund invests may underperform returns from other Securities and/or Futures Contracts 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 and/or Futures Contracts markets.

Tracking error risk. A Sub-Fund's returns may deviate from the Underlying Index due to a number of factors. For example, the fees and expenses of a Sub-Fund, liquidity of the market, imperfect correlation of returns between a Sub-Fund's assets and the Securities or Futures Contracts constituting its Underlying Index, the rounding of share prices, foreign exchange costs, changes to the Underlying Indices and regulatory policies may affect the Manager's ability to achieve close correlation with the Underlying Index of each Sub-Fund. Further, a Sub-Fund may receive income (such as interests and dividends) from its assets while the Underlying Index does not have such sources of income. There is no guarantee or assurance of exact or identical replication at any time of the performance of the relevant Underlying Index.

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

Derivative instrument risk. The Manager may invest in a Sub-Fund in constituents of the relevant Index through derivative instruments. A derivative instrument is a financial contract or instrument the value of which depends on, or is derived from, the value of an underlying asset such as a Security and/or Futures Contract or an index and so have a high degree of price variability and are subject to occasional rapid and substantial changes. Compared to conventional Securities, derivative instruments can be more sensitive to changes in interest rates or to sudden fluctuations in market prices due to both the low margin deposits required, and the extremely high degree of leverage involved in their pricing. As a result, a relatively small price movement in a derivative instrument may result in immediate and substantial loss (or gain) to the relevant Sub-Fund. The relevant Sub-Fund's losses may be greater if it invests in derivative instruments than if it invests only in conventional Securities.

There is also no active market in derivative instruments and therefore investment in derivative instruments can be illiquid. In order to meet redemption requests, the relevant Sub-Fund relies upon the issuer of the derivative instruments to quote a price to unwind any part of the derivative instruments that will reflect the market liquidity conditions and the size of the transaction.

In addition, many derivative instruments are not traded on exchanges. As a result, if the relevant Sub-Fund engages in transactions involving derivative instruments, it will be subject to the risk of the inability or refusal to perform such contracts by the counterparties with which the relevant Sub-Fund trades, and as such the relevant Sub-Fund may suffer a total loss of the relevant Sub-Fund's interest in the derivative instrument. This risk is also aggregated by the fact that over-the-counter derivatives markets are generally not regulated by government authorities and participants in these markets are not required to make continuous markets in the contracts they trade.

An investment in the derivative instruments does not entitle the derivative instruments holder to the beneficial interest in the shares nor to make any claim against the company issuing the shares.

There can be no assurance that the price of the derivative instruments will equal the underlying value of the company or securities market that it may seek to replicate.

Concentration risk. A Sub-Fund may be subject to concentration risk as a result of tracking the performance of a particular industry or group of industries, or a single geographical region. The performance of such a Sub-Fund is likely to be more volatile than that of a fund having a more diverse portfolio of investments, such as a global or regional equity fund, as it is more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the relevant industry or region.

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

Risk management. A Sub-Fund intends to apply a risk management approach that it believes is appropriate for the Sub-fund. The application of any risk management approach involves numerous judgements and qualitative assessments. No risk management system is fail-safe, and no assurance can be given that the Sub-Fund's risk control framework will achieve its objectives. From time to time, without notice to Unitholders, the Manager may modify or change the risk management system and procedures adopted for the Sub-Fund.

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

Under extreme market circumstances, the Manager will adopt temporary defensive position for protection of the relevant Sub-Fund.

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

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

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

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

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

<u>Accounting standards and disclosure</u>. The Manager intends to adopt Hong Kong Financial Reporting Standards ("**HKFRS**") in drawing up the annual accounts of the Trust and the Sub-Funds. However, investors should note that the calculation of the Net Asset Value for determining fees and for subscription and redemption purposes will not necessarily be in compliance with generally accepted at fair value, and bid and ask pricing is considered to be accounting principles, that is, HKFRS. Under HKFRS, investments should be valued representative of fair value for long and short listed investments respectively. However, under the valuation basis described in the section "***10.1 Determination of the Net Asset Value***" below, listed investments may be valued by reference to the last traded price instead of bid and ask pricing as required under HKFRS. Accordingly, investors should note that the Net Asset Value as described in this Prospectus may not necessarily be the same as the Net Asset Value to be reported in the annual financial reports as the Manager may make necessary adjustments in the annual financial reports to comply with HKFRS. Any such adjustments will be disclosed in the annual financial reports, including a reconciliation note to reconcile values as shown in the annual accounts prepared in accordance with HKFRS to those derived by applying the Trust's valuation rules.

Risk of early termination. Under the terms of the Trust Deed and as summarised under the section headed "***14.5 Termination of the Trust or a Sub-Fund*** of this Prospectus, the Manager or the Trustee may terminate the Trust or a Sub-Fund under certain circumstances.

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

New manager risk. Although certain staffs of the Manager and its parent company have exchange-traded funds experience in Mainland China, the first Sub-Fund is the first exchange traded fund 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.

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

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

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

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

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

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

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

4.3 Market trading risks

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

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

There is no certain basis for predicting the sizes in which the Units in the Sub-Fund may trade. There can be no assurance that the Units in the Sub-Fund will experience trading or pricing patterns similar to those of other exchange traded funds which are issued by investment companies in other jurisdictions or are traded on the SEHK.

No trading market in the Units. There may be no liquid trading market for the Units of a Sub-Fund notwithstanding the listing of such Units on the SEHK and the appointment of one or more market makers. 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 Underlying Index.

Reliance on market maker(s). Although the Manager will ensure that at least one market maker for each Sub-Fund, where there is a Dual Counter, for the Units traded in each counter, will maintain a market for the Units of the Sub-Fund, or, where there is a Dual Counter, for each of the HKD traded Units and USD traded Units, and that at least one market maker per Sub-Fund (or per counter where a Dual Counter has been adopted) is required to give not less than 3 months' prior notice to terminate market making under the relevant market making agreement, it should be noted that liquidity in the market for the Units may be adversely affected if there is no market maker for Units or, where there is a Dual Counter, no market maker for Units for any of the trading counters. There is also no guarantee that any market making activity will be effective.

It is possible that where there is only one SEHK market maker to each Sub-Fund (or each counter where there is a Dual Counter) and therefore it may not be practical for a Sub-Fund to remove the only market maker to the Sub-Fund (or relevant counter) even if the market maker fails to discharge its duties as the sole market maker.

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

Reliance on Participating Dealer(s). The issuance and redemption of Units may only be effected through Participating Dealer(s). A Participating Dealer may charge a fee for providing this service. Participating Dealer(s) will not be able to issue or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of securities through the CCASS is disrupted or the Underlying Index(ices) is/are not compiled or published. In addition, Participating Dealer(s) will not be able to issue or redeem Units if some other event occurs which impedes the calculation of the Net Asset Value of a Sub-Fund or disposal of a Sub-Fund's holdings cannot be effected. Where a participating Dealer appoints a PD Agent to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative PD Agent, or if the PD Agent ceases to be a CCASS participant, the creation or redemption of Units by such Participating Dealer may also be affected. Since the number of Participating Dealers at any given time will be limited, and there may even be one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

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

There can be no assurance that an active trading market for Units of a Sub-Fund will develop or be maintained. In addition, if the Securities and/or Futures Contracts which comprise the 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 investors need to sell Units at a time when no active market for them exists, the price they receive for such Units — assuming they are able to sell them — would likely be lower than the price received if an active market did exist.

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

Restrictions on creation and redemption of Units. 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 the sections "***7.3.5 Rejection of Creation Applications***" and "***7.4.4 Rejection of Redemption Applications***" for details in relation to the circumstances under which creation and redemption applications can be rejected.

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

Costs of trading Units risk. Trading of Units on the SEHK may involve various types of costs that apply to all securities transactions. When trading Units through a broker investors will incur a brokerage commission or other charges imposed by the broker. In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the 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 regularly making small investments.

Difficulties in valuation of investments. Securities and/or Futures Contracts 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 holdings is available (for example, when the secondary markets on which a security is traded have become illiquid) the Manager may apply valuation methods to ascertain the fair value of such securities, pursuant to the Trust Deed.

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

Effect of redemptions. If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the Sub-Fund's investments at the time such redemptions are requested or the Manager may be able to do so only at prices which the Manager believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Units are requested by the Participating Dealers, the right of Participating Dealers to require redemptions in excess of 10% of the total number of Units in the Sub-Fund then in issue (or such higher percentage as the Manager may determine) may be deferred, or the period for the payment of redemption proceeds may be extended.

In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of the Sub-Fund for the whole or any part of any period. Please see section "***10.2 Suspension Of Determination Of Net Asset Value***" for further details.

<u>*Secondary market trading risk*</u>. Units may trade on the SEHK when the 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 accepts subscription and redemption orders.

4.4 Regulatory risks

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

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

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

<u>*Risk of suspension of trading on the SEHK*</u>. If trading of the Units of a Sub-Fund on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate in the interests of a fair and orderly market to protect investors. The subscription and redemption of Units may also be suspended if the trading of Units is suspended.

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

4.5 Risks associated with the US Foreign Account Tax Compliance Act

Subject to the discussion regarding the IGA below, the US Foreign Account Tax Compliance Act and Sections 1471 – 1474 of the IRC (collectively referred to as "**FATCA**") impose rules with respect to US and certain non US-persons, such as the Trust and/or each Sub-Fund, on payments including but not limited to interest, dividends from securities of US issuers. All such Withholdable Payments may be subject to FATCA withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the IRS to identify US persons (within the meaning of the IRC) with interests in such payments.

To avoid such withholding on payments made to it, a FFI, such as the Trust and/or each Sub-Fund (and, generally, investment funds organised outside the US), generally will be required to be FATCA compliant and I agree to, amongst other things, conduct certain due diligence procedures and identify its direct or indirect account holders who are US persons and report certain information concerning such US account holders to the IRS.

On 13 November 2014, Hong Kong entered into an IGA for the implementation of FATCA, adopting “Model 2” IGA arrangements. Under these “Model 2” IGA arrangements, FFIs in Hong Kong would be required to register with the IRS to obtain a GIIN and comply with the terms of an FFI Agreement with the IRS. Otherwise the FFI may be subject to a 30% FATCA withholding tax on Withholdable Payments it receives. The Sub-Fund will register/ has been registered with the IRS to obtain the GIIN and comply with FFI Agreement.

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 generally not be required to withhold tax on Withholdable Payments made to non-consenting accounts (including accounts of which the holders are US persons and do not provide their US taxpayer identification number or consent to the FFI to report their information to the IRS).

The Trust and each Sub-Fund intend to satisfy the requirements imposed under FATCA, the IGA, and the terms of the FFI Agreement to avoid any FATCA withholding tax. In the event that the Trust and/or any relevant Sub-Fund are not able to comply with the requirements imposed by FATCA, the IGA, or the FFI Agreement, the Trust or the relevant Sub-Fund may be subject to FATCA 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 the relevant Sub-Fund, or a risk of the Trust or the relevant Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Trust and each of such relevant Sub-Fund, reserves the right to, after completing due process to ascertain and confirm that the Unitholder has failed to cooperate and provide the required information, take any legal action against the Unitholder and/or pursue all remedies at its disposal including, without limitation, to the extent permitted by applicable laws and regulations, (i) reporting the relevant information of such Unitholder to the IRS or the IRD; 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 in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds and in compliance with all applicable laws and regulations. As at the date of this Prospectus, all Units in the Sub-Fund are registered in the name of HKSCC Nominees Limited. It is the Manager’s understanding that HKSCC has completed registration with the IRS as a “Reporting Financial Institution under a Model 2 IGA”.

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

4.6 Risks associated with the Underlying Index

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

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

<u>Compilation of Underlying Index</u>. 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 or Futures Contracts generally or in the relevant Sub-Fund particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the relevant Sub-Fund into consideration in determining, composing or calculating the relevant Underlying Index. There is no assurance that the Index Provider will compile the relevant Underlying Index accurately, or that the relevant Underlying Index will be determined, composed or calculated accurately, and consequently there can be no guarantees that its actions will not prejudice the interests of the relevant Sub-Fund, the Manager or investors.

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

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

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

5. <u>INVESTMENT AND BORROWING RESTRICTIONS</u>

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

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

6. INVESTING IN A SUB-FUND

There are currently two methods to invest in the Sub-Funds:

6.1 In the Primary Market

- Primary Market Investors may make a request to a Participating Dealer or a stockbroker (who has opened an account with a Participating Dealer) to effect a Creation Application or a Redemption Application on their behalf.
- Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals.
- Participating Dealers may submit a Creation Application or a Redemption Application to create or redeem Units directly in the relevant Sub-Fund.

Please refer to section "***7. Creation and Redemption of Application Units (Primary Market)***" below for the operational procedures in respect of Creation Applications. Creation and redemption of Units by Participating Dealers will be conducted in accordance with the Trust Deed, the Operating Guidelines and the relevant Participation Agreement.

6.2 In the Secondary Market (SEHK)

- Secondary Market Investors may purchase and sell Units in the secondary market on the SEHK. This method of investment is more suitable for retail investors due to the smaller size of capital investment.
- The Units of a Sub-Fund may trade on the SEHK at a premium or discount to the Net Asset Value of the Units of such Sub-Fund.

Please refer to section "***9. Trading of Units on the SEHK (Secondary Market)***" below for further information in respect of buying and selling Units on the SEHK.

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

7.1 General

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

Where a Sub-Fund has a Dual Counter, although a Participating Dealer may subject to arrangement with the Manager elect to CCASS to have Units which it creates deposited in the USD counter or HKD counter, all cash creation and redemption for all Units must be in the Base Currency of such Sub-Fund only.

7.2 Applications by Primary Market Investors

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

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

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

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

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

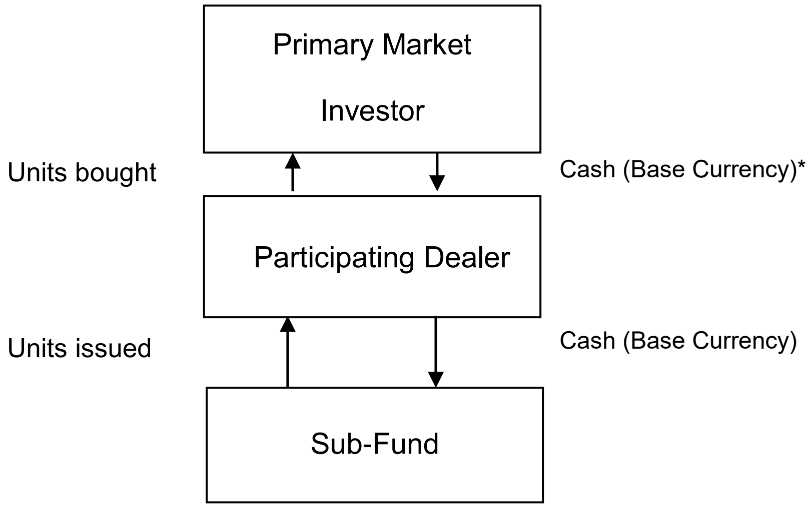
(c) where acceptance of the creation request or redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer and/or any of its Connected Persons which are for purpose of ensuring compliance with laws or regulations; or

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

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

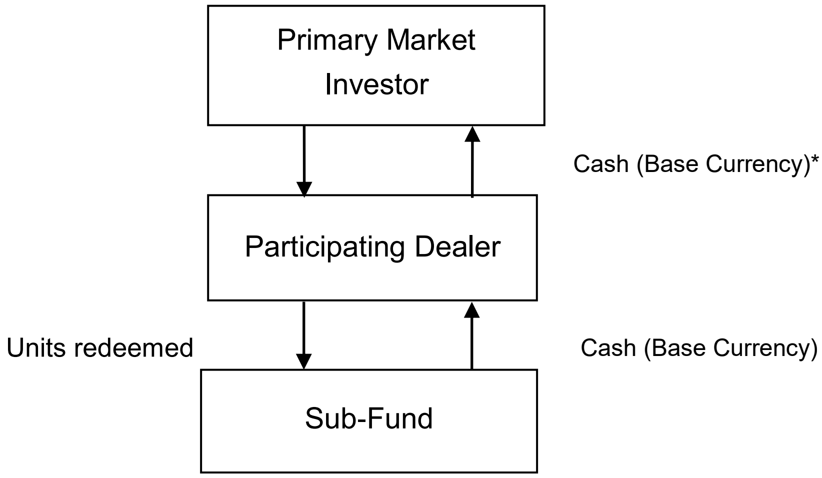
Participating Dealers and stockbrokers may also impose fees and charges in handling any creation or redemption requests of Primary Market Investors which would increase the cost of investment and/or reduce the redemption proceeds. Such fees and charges will normally be payable in the Base Currency of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

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



**Primary Market Investor may agree with the Participating Dealers settlement in another currency.*

The following illustrates the process of redemption of Units in the case of Primary Market Investors.



**Primary Market Investor may agree with the Participating Dealers settlement in another currency.*

Primary Market Investors should consult with the relevant Participating Dealer on the method(s) for creation or redemption of Units adopted by the relevant Participating Dealer.

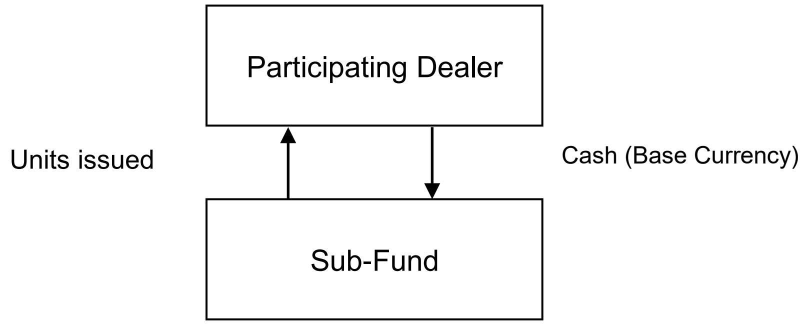
7.3 ***Creation Applications by Participating Dealers***

Unless otherwise determined by the Manager, in consultation with the Trustee, a Creation Application shall only be made by a Participating Dealer or PD Agent (as the case may be) in respect of a Dealing Day in accordance with the terms of the Trust Deed and the relevant Participation Agreement either during the Initial Offer Period or on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof. The Application Unit size for a Sub-Fund is set out in Part 2 of this Prospectus.

Additional details on the Initial Offer Period, the Dealing Deadline and other relevant information in respect of Creation Applications for Units in a Sub-Fund are set out in Part 2 of this Prospectus. Any Creation Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster (in consultation with the Trustee) after taking into account the interest of other Unitholders of the relevant Sub-Fund, exercise its discretion to accept an application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application.

As of the date of this Prospectus, only cash Creation Application is available to the Participating Dealers for creation of Units.

The following illustrates the process of the creation and issue of Units in the case of Participating Dealers.



7.3.1 Procedures for Creation of Units

General

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

To be effective, a Creation Application must comply with the requirements in respect of creation of Units set out in the Trust Deed, the Operating Guidelines and the relevant Participation Agreement and be accompanied by such certifications and legal opinions as the Trustee and/or the Manager may in their absolute discretion require.

Methods of creation of Units

Pursuant to a valid Creation Application being accepted by the Manager, the Manager and/or any person duly appointed by the Manager for such purpose shall have the exclusive right to instruct the Trustee to create for the account of the Trust, Units in a class in Application Unit size or whole multiples thereof in exchange for the delivery by the relevant Participating Dealer, to or for the account of the Trustee, of:

(a) a cash payment equivalent to the relevant Application Basket Value (which shall be accounted for as Deposited Property), which the Manager shall use to purchase the Securities and/or Futures Contracts constituting the Basket(s), and the Manager shall be entitled in its absolute discretion to charge (for the account of the relevant Sub-Fund) to each Participating Dealer an additional sum which represents the appropriate provision for Duties and Charges (which may include, but is not limited to, a provision for stamp duties and other transaction charges or taxes applicable to the purchase (or estimated to be applicable to the future purchase) of the relevant Securities and/or Futures Contracts, plus,

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

Payment terms in respect of cash Creation Application only

The Manager currently only accepts cash payments in the Base Currency of the relevant Sub-Fund (even for a Sub-Fund which adopts Dual Counter). Notwithstanding the Dual Counter, any cash payable by Participating Dealers in a cash Creation Application must be in the Base Currency of the relevant Sub-Fund regardless of whether the Units are deposited into CCASS as USD traded Units or HKD traded Units. The process of creation of Units deposited under the USD counter and the HKD counter is the same.

In relation to a cash Creation Application, the Manager reserves the right to require the Participating Dealer to pay an additional sum representing the Duties and Charges for the purpose of compensating or reimbursing the Trust for the difference between:

(a) the prices used when valuing the relevant Securities and/or Futures Contracts of the Trust in respect of the relevant Sub-Fund for the purpose of such issue of Units; and

(b) the prices which would be used when acquiring the same Securities and/or Futures Contracts if they were acquired by the Trust in respect of the relevant Sub-Fund with the amount of cash received by the Trust in respect of the relevant Sub-Fund upon such issue of Units.

The Participating Dealer may pass on to the relevant investor such additional sum.

Base Currency and issuance of Units

Units are denominated in the Base Currency of the relevant Sub-Fund (unless otherwise determined by the Manager) and no fractions of a Unit shall be created or issued by the Trustee. Once Units are created, the Manager shall instruct the Trustee to issue, for the account of the relevant Sub-Fund, the Units to the relevant Participating Dealer. The Base Currency of each Sub-Fund is specified in Part 2 of this Prospectus.

7.3.2 Issue Price

The Issue Price of Units of a Sub-Fund is set out in Part 2 of this Prospectus. For the avoidance of doubt, the Issue Price does not take into account Duties and Charges or fees payable by the Participating Dealers.

Any commission, remuneration or other sums payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid by the Trust.

7.3.3 Creation and Issue of Units

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

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

(b) the Register shall be updated after the Valuation Point for the Valuation Day relating to the Dealing Day on which the Creation Application is deemed to be accepted provided that the Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the Register if at any time the Trustee is of the opinion that the issue of Units does not comply with the provisions of the Trust Deed.

7.3.4 Fees relating to Creation Applications

In respect of each Creation Application, the Manager shall be entitled to charge certain fees and charges and the Trustee and/or the Service Agent or the Conversion Agent (as the case may be) shall be entitled to charge a Transaction Fee, details of which are set out in Part 2 of this Prospectus, which shall be paid by or on behalf of the relevant Participating Dealer and may be set off and deducted against any Cash Component due to the relevant Participating Dealer in respect of such Creation Application.

7.3.5 Rejection of Creation Applications

The Manager, acting reasonably and in good faith, has the absolute right to reject a Creation Application, including but not limited to when:

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

(b) in the reasonable opinion of the Manager, acceptance of the Creation Application will have an adverse effect or adverse tax consequences on the Trust or the relevant Sub-Fund or is unlawful or will have an adverse effect on the interests of the Unitholders;

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

(d) acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons which are for purpose of ensuring compliance with laws or regulations;

(e) the relevant Sub-Fund is not able to acquire further investments due to trading restrictions / limits in the market;

(f) processing of the Creation Application is not possible due to exceptional circumstances outside the control of the Manager (such as market disruptions or circumstances under which acceptance of the Creation Application will have a material adverse impact on the relevant Sub-Fund);

(g) the Creation Application is not submitted in the form and manner set out in the provisions of the Trust Deed;

(h) an Insolvency Event occurs in respect of the relevant Participating Dealer;

(i) there are insufficient Securities and/or Futures Contracts available to the Manager and/or the Trust to constitute the Basket(s) in respect of a Creation Application; or

(j) the business operations of the Manager or the Trustee or any of their delegates or agents in respect of a Creation Application in the relevant Sub-Fund are substantially interrupted or closed as a result of or arising from a force majeure event,

provided that the Manager will take into account the interest of the Unitholders of the Trust and/or the relevant Sub-Fund to ensure that the interests of the Unitholders will not be materially adversely affected. In addition to the foregoing, the Manager may also reject Creation Applications in such other circumstances as set out in Part 2 of this Prospectus.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer, the Conversion Agent (where applicable) and the Trustee of its decision to reject such Creation Application in accordance with the Operating Guidelines.

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

7.3.6 Cancellation of Creation Applications

Any cash payment for exchange of Units, the Cash Component (if applicable) and/or any Duties and Charges and other fees and charges payable in respect of a Creation Application must be received in cleared funds by such times and in such manner as prescribed in the relevant Participation Agreements and if the cleared funds have not been received by or on behalf of the Trustee as aforementioned the Trustee may, on the instruction of the Manager, cancel the Creation Application, and any Units deemed created and issued in respect of such Creation Application. In addition to the preceding circumstances, the Trustee may also, on the instruction of the Manager, cancel any Creation Application and any Units deemed created and issued in respect of such Creation Application if it determines by such time specified in the Operating Guidelines that it is unable to invest the cash proceeds of any Creation Application.

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

(a) any Securities and/or Futures Contracts constituting the Basket(s) deposited for exchange fully vested in the Trustee and/or any cash received by or on behalf of the Trustee in respect of such cancelled Units shall be redelivered to the Participating Dealer without interest;

(b) the Manager shall be entitled to charge the Participating Dealer for the account and benefit of the Trustee an Application Cancellation Fee and any other fees and charges as set out in the Operating Guidelines;

(c) the Manager may at its absolute discretion require the Participating Dealer to pay to the Trustee for the account of the relevant Sub-Fund in respect of each cancelled Unit Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Price which would have applied in relation to each such Unit if a Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application;

(d) the Trustee shall be entitled to charge the Participating Dealer the Transaction Fee payable in respect of the Creation Application for the account and benefit of the Trustee;

(e) the Manager shall be entitled to require the Participating Dealer to pay to the Trustee for the account of the relevant Sub-Fund the Duties and Charges (if any) incurred by the Trust in consequence of such cancelled Creation Application which shall be retained for the benefit of the relevant Sub-Fund; and

(f) no previous valuations of the assets in respect of a Sub-Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

7.4 ***<u>Redemption Applications by Participating Dealers</u>***

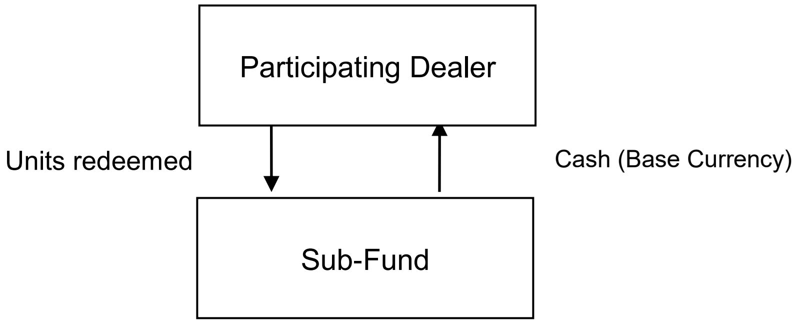
Unless otherwise determined by the Manager, in consultation with the Trustee, a Redemption Application shall only be made by a Participating Dealer or PD Agent (as the case may be) in respect of a Dealing Day in accordance with the terms of the Trust Deed and the relevant Participation Agreement on a Dealing Day in respect of Units constituting an Application Unit size or whole multiples thereof.

Additional details on the Dealing Deadline and other relevant information in respect of Redemption Applications for Units in a Sub-Fund are set out in Part 2 of this Prospectus.

Any Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster (in consultation with the Trustee) after taking into account the interest of other Unitholders of the relevant Sub-Fund, exercise its discretion to accept an application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee’s reasonable opinion, the Trustee’s operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application.

Where the Manager accepts a Redemption Application in respect of a Sub-Fund from a Participating Dealer, the Manager may effect the redemption of the relevant Units by instructing the Trustee to transfer to the Participating Dealer in cash only, in accordance with the Trust Deed and the relevant Participation Agreements and Operating Guidelines. The redemption method adopted by the current Sub-Funds are as set out in the Appendix of the relevant Sub-Fund.

The following illustrates the process of redemption of Units in the case of Participating Dealers.



7.4.1 Procedures for Redemption of Units

<u>*General*</u>

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

To be effective, a Redemption Application must comply with the requirements in respect of redemption of Units set out in the Trust Deed, the Operating Guidelines and the relevant Participation Agreement and be accompanied by such certifications and legal opinions as the Trustee and/or the Manager may require.

Methods of payment of redemption proceeds

Pursuant to a valid Redemption Application accepted by the Manager, the Manager shall instruct the Trustee to cancel the relevant Units on the Settlement Day in accordance with the Trust Deed and the relevant Participation Agreements and Operating Guidelines and to transfer to the Participating Dealer:

(a) the redemption proceeds in cash provided that the Manager shall be entitled in its absolute discretion to charge (for the account of the Sub-Fund) to each Participating Dealer an additional sum which represents the appropriate provision for Duties and Charges (which may include, but is not limited to, a provision for stamp duties and other transaction charges or taxes applicable to the sale (or estimated to be applicable to the future sale) of the relevant Securities and/or Futures Contracts constituting the Underlying Index),

plus,

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

<u>*Payment Terms in respect of cash Redemption Application only*</u>

The Manager currently only allows redemption proceeds to be paid out in cash in the Base Currency of the relevant Sub-Fund (even for a Sub-Fund which adopts Dual Counter). Notwithstanding the Dual Counter, any cash proceeds received by Participating Dealers in a cash Redemption Application shall be paid only in the Base Currency of the relevant Sub-Fund. USD traded Units and HKD traded Units may be redeemed by way of a Redemption Application (through a Participating Dealer). Where a Participating Dealer wishes to redeem HKD traded Units the redemption process is the same as for USD traded Units.

In relation to a cash Redemption Application, the Manager reserves the right to require the Participating Dealer to pay an additional sum representing Duties and Charges for the purpose of compensating or reimbursing the Trust for the difference between:

(a) the prices used when valuing the relevant Securities and/or Futures Contracts of the Trust in respect of the relevant Sub-Fund for the purpose of such redemption of Units; and

(b) the prices which would be used when selling the same Securities and/or Futures Contracts if they were sold by the Trust in respect of the relevant Sub-

Fund in order to realise the amount of cash required to be paid out of the Trust in respect of the relevant Sub-Fund upon such redemption of Units.

The Participating Dealer may pass on to the relevant investor such additional sum.

7.4.2 Redemption Price

The Redemption Price of Units of a Sub-Fund is set out in Part 2 of this Prospectus. For the avoidance of doubt, the Redemption Price does not take into account Duties and Charges or fees payable by the Participating Dealers.

7.4.3 Payment of Redemption Proceeds

The maximum interval between (i) the receipt of a properly documented Redemption Application and (ii) payment of redemption proceeds (in cash in the Base Currency of the relevant Sub-Fund only) to the relevant Participating Dealer may not exceed one (1) calendar month unless the market(s) in which a substantial portion of investments of the relevant Sub-Fund is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of the redemption proceeds within the aforesaid time period not practicable. In such case, and subject to the Commission's prior approval, payments may be delayed but the extended time frame for the payment of redemption proceeds shall reflect the additional time needed in light of the specific circumstances in the relevant market(s).

Subject to the above, payment of redemption proceeds in cash will normally be made within 3 Business Days of the relevant Dealing Day.

7.4.4 Rejection of Redemption Applications

The Manager, acting reasonably and in good faith, has the absolute right to reject a Redemption Application in exceptional circumstances or to impose different minimum redemption size requirements, including but not limited to when:

(a) any period during which (i) the creation or issue of 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 has been suspended pursuant to the provisions of the Trust Deed;

(b) in the reasonable opinion of the Manager, acceptance of the Redemption Application will have an adverse effect on the Trust or the relevant Sub-Fund;

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

(d) acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons;

(e) processing of the Redemption Application is not possible due to circumstances outside the control of the Manager (such as market disruptions or circumstances under which acceptance of the Redemption Application will have a material adverse impact on the relevant Sub-Fund); or

(f) the Redemption Application is not submitted in the form and manner set out in the provisions of the Trust Deed, provided that the Manager will take into account the interest of the Unitholders of the Trust and/or the relevant Sub-Fund to ensure that the interests of the Unitholders will not be materially adversely affected. In addition to the foregoing, the Manager may also reject Redemption Applications in such other circumstances as set out in Part 2 of this Prospectus.

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

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

7.4.5 Deferral of Redemption Applications

In addition, the Manager is entitled to limit the number of Units of any Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units of the relevant Sub-Fund in issue (rounded down to the extent required to ensure that Units may only be redeemed in multiples of Application Units). In this event, the limitation will apply pro rata (and not on a first in-first out basis) so that all Participating Dealers of the relevant Sub-Fund who have validly requested to redeem Units of the same Sub-Fund on that Dealing Day will redeem the same proportion of such Units of that Sub-Fund. Any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager has the same power) until the original request has been satisfied in full.

7.4.6 Fees relating to Redemption of Units

In respect of each Redemption Application, the Manager shall be entitled to charge certain fees and charges and the Trustee and/or the Service Agent or the Conversion Agent (as the case may be) shall be entitled to charge a Transaction Fee, details of which are set out in Part 2 of this Prospectus, which shall be paid by or on behalf of the relevant Participating Dealer and may be set off and deducted against any Cash Component or cash redemption proceeds due to the relevant Participating Dealer in respect of such Redemption Application.

The Manager shall also be entitled to deduct from and set off against any cash redemption proceeds or Cash Component payable to a Participating Dealer on the redemption of Units a sum (if any) which represents the appropriate provision for Duties and Charges, the Transaction Fee (for the account and benefit of the Trustee) and any other fees, charges and payments payable by the Participating Dealer.

The Conversion Agent may charge a Unit Cancellation Fee in connection with each Redemption Application.

7.4.7 Cancellation of Units pursuant to Redemption Application

Upon redemption of Units pursuant to a valid Redemption Application,

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

(b) the name of the Unitholder of such Units shall be removed from the Register after the Valuation Point for the Valuation Day relating to the Dealing Day on which the Redemption Application is deemed to be accepted.

7.4.8 Cancellation of Redemption Applications

In respect of a Redemption Application, unless the requisite documents in respect of the relevant Units have been delivered to the Manager by such times and in such manner as prescribed in the relevant Participation Agreements and/or Operating Guidelines, the Redemption Application shall be deemed never to have been made except that the Transaction Fee (for the account and benefit of the Trustee) in respect of such Redemption Application shall remain due and payable, and in such circumstances:

(a) the Manager shall also be entitled to charge the relevant Participating Dealer an Application Cancellation Fee which is payable to the Trustee for its own account and such fees and charges as set out in the Operating Guidelines;

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

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

provided that the Manager, in consultation with the Trustee, may at its discretion extend the settlement period on such terms and conditions as the Manager may determine (including as to, but not limited to, the payment of an Extension Fee).

7.5 <u>Suspension of Creations and Redemptions</u>

The Manager may, at its discretion, after giving notice to the Trustee suspend the creation or issue of Units of a Sub-Fund, suspend the redemption of Units of a Sub-Fund and/or delay the payment of any monies in respect of any Redemption Application in the following circumstances:

(a) during any period when trading on the SEHK is restricted or suspended;

(b) during any period when a market on which a Security or a Futures Contract (that is a component of the relevant Underlying Index) 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 or a Futures Contract (that is a component of the relevant Underlying Index) has its primary listing is restricted or suspended;

(d) during any period when, in the opinion of the Manager, settlement or clearing of the Securities and/or Futures Contracts constituting the Underlying Index in the official clearing and settlement depository (if any) of such market is disrupted;

(e) during any period when the determination of the Net Asset Value of the relevant Sub-Fund is suspended or if any circumstance specified in section "***10.2 Suspension of Determination of Net Asset Value***" below arises.

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

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

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

The Manager shall notify the Commission if dealing in Units is suspended and publish a notice of suspension immediately following such suspension and, at least once a month during the period of suspension, on its website at http://am.ssif.com.hk or in such publications as the Manager decides.

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

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

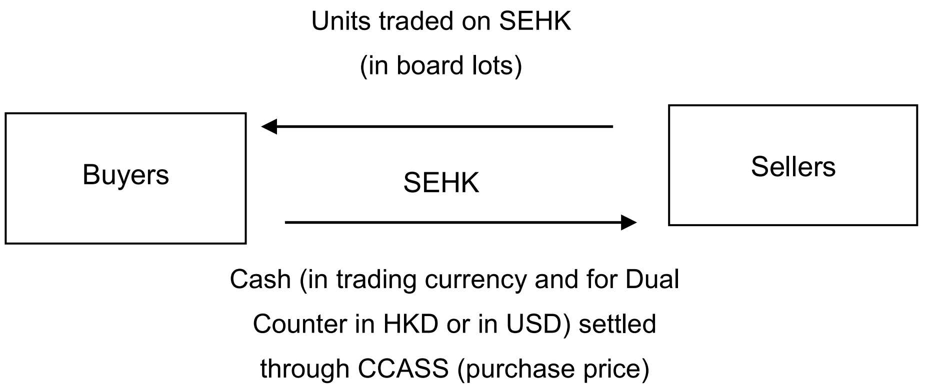
8. CERTIFICATES

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

All Units of the Trust will be registered in the name of the HKSCC Nominees Limited by the Registrar on the Register of Unitholders of the relevant Sub-Fund, which is the evidence of ownership of Units. Beneficial interest of retail investors in the Units of the Trust will be established through an account with a participant in CCASS.

9. TRADING OF UNITS ON THE SEHK (SECONDARY MARKET)

A Secondary Market Investor can buy or sell the Units of a Sub-Fund through his stockbroker on the SEHK on or after the Listing Date of that Sub-Fund. The diagram below illustrates the trading of Units on the SEHK:



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

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

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

Brokerage, stamp duty and other fees may be payable when selling (and purchasing) Units. Please refer to Part 2 of this Prospectus for details of the applicable brokerage, stamp duty and other fees.

There can be no guarantee that once the Units of a Sub-Fund are listed on the SEHK they will remain listed.

10. VALUATION AND SUSPENSION

10.1 Determination of the Net Asset Value

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

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

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

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

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

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

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

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

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

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

Notwithstanding the above but subject to paragraph (b)(ii) above, the Manager may determine to value on a straight line basis investments in debt instruments acquired as a discount to their face value.

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

(d) the value of each unit, share or other interest in any collective investment scheme shall be the last available net asset value per unit, share or other interest in such collective investment scheme or, shall be determined from time to time in such manner as the Manager shall determine;

(e) Futures Contracts will be valued at the official closing price of the Futures Contracts or if such price is not available (i) the latest available price or (ii) if bid and offer quotations are made, the latest available middle market quotation of such Futures Contract in each case at the Valuation Point;

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

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

The Trustee or the Manager may:

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

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

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

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

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

10.2 <u>Suspension of Determination of Net Asset Value</u>

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

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

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

(c) circumstances exist as a result of which, in the reasonable opinion of the Manager, it is not reasonably practicable to realise any investments held or contracted for the account of the Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of the relevant class; or

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

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

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

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

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

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

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

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

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

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

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

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

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

The Manager shall immediately notify the Commission as soon as practicable if dealing in Units is suspended or ceases and publish a notice of suspension immediately following such suspension and, at least once a month during the period of suspension, on its website at http://am.ssif.com.hk or in such publications as the Manager decides.

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

10.3 Suspension of Dealing in Units on The SEHK (Secondary Market)

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

11. DISTRIBUTION POLICY

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

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

12. FEES AND CHARGES

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

12.1 Management Fees and Servicing Fee

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

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

12.2 Trustee's and Registrar's Fee

Under the terms of the Trust Deed, the Trustee may, on giving not less than one month's written notice to the relevant Unitholders, increase the rate of the Trustee's fee payable in respect of a Sub-Fund up to or towards the maximum rate of 1% per annum of the Net Asset Value of the Sub-Fund ("**Maximum Trustee Fee Rate**") accrued daily and calculated as at each Dealing Day and payable monthly or such higher percentage as may be approved by the relevant Unitholders in accordance with the terms of the Trust Deed. Subject to the Manager's consent and the Maximum Trustee Fee Rate and not less than one month's written notice to the relevant Unitholders, the Trustee's fee may be increased to reflect additional fees which may be payable to the Trustee in the performance of its duties to the Fund, provided that such fees will be at normal commercial terms and the aggregate Trustee's fee shall not exceed the Maximum Trustee Fee Rate.

HSBC Institutional Trust Services (Asia) Limited is also entitled to a fee in its capacity as the Registrar.

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

The Trustee shall pay the fees of any custodian or sub-custodian to which it has appointed.

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

12.3 <u>Service Agent's or Conversion Agent's Fee</u>

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

12.4 <u>Other Charges and Expenses</u>

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

12.5 Establishment Costs

The costs and expenses incurred by the Manager and the Trustee in establishing the Trust and the initial Sub-Fund of the Trust, SSIF DCE Iron Ore Futures Index ETF, are estimated to be USD 60,000; such costs shall be borne by SSIF DCE Iron Ore Futures Index ETF (unless otherwise determined by the Manager) and amortised over the first 5 financial years of the Trust (unless the Manager decides a shorter period is appropriate).

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

13. TAXATION

13.1 Hong Kong

13.1.1 A Sub-Fund

Profits tax

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

Stamp duty

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

13.1.2 Unitholders

Profits tax

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

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

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

Stamp Duty

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

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

13.1.3 Hong Kong requirements regarding tax reporting

Automatic Exchange of Financial Account Information

(a) General Information

The CRS Ordinance provides the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information (“**AEOI**”). The AEOI requires FIs in Hong Kong to collect information relating to non-Hong Kong tax residents holding financial accounts with Hong Kong FIs, and report such information to the IRD who in turn will exchange such information with the reportable jurisdiction(s) in which that account holder is resident. A Sub-Fund and/or its agents may adopt the wider approach in collecting residency information of account holders.

The Trust and Sub-Fund(s) are required to comply with the requirements of AEOI as implemented by Hong Kong, which means that the Trust, the Sub-Fund(s), the Manager, the Trustee and/or any of their agents shall collect and provide to the IRD the required tax information relating to Unitholders and prospective investors.

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

(b) Impact on the Sub-Fund(s) and Unitholders

By investing in the Sub-Fund(s) and/or continuing to invest in the Sub-Fund(s), Unitholders acknowledge that they may be required to provide additional information to the Trust, the Sub-Fund(s), the Manager, the Trustee, and/or any of their agents in order for the Trust and Sub-Fund(s) to comply with AEOI. The Unitholder's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are not natural persons), may be 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 Sub-Fund(s), the Manager, the Trustee, and/or any of their agents, as permitted by applicable law and regulations, taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned.

In such case, the Trust, the Sub-Fund(s), the Manager, the Trustee and/or any of their agents shall act in good faith on reasonable grounds when exercising its discretion to mandatorily redeem or withdraw a Unitholder.

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).

13.2 ***<u>The PRC</u>***

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

13.3 ***<u>United States</u>***

The following is a summary of certain aspects of the US federal income taxation of the Trust, the Sub-Fund(s), and the Unitholders that should be considered by a prospective investor. This summary is based on the US federal income tax laws, regulations, administrative rulings and judicial decisions in effect or available on the date of this Prospectus. No assurance can be given that administrative, judicial or legislative changes will not occur that would make the statements in this Prospectus incorrect or incomplete. This summary does not discuss all of the tax consequences that may be relevant to a particular investor or to certain investors subject to special treatment under the US federal income tax laws. Each prospective investor should consult its own tax advisers regarding the US federal income tax consequences of an investment in the Sub-Fund(s).

The Trust and/or the Sub-Fund(s)

The Trust and/or the Sub-Fund(s) default to be treated as a corporation for US federal income tax purposes. As a non-US corporation, the Trust and/or the Sub-Fund(s) generally will not be subject to US federal income taxation on income or gain realised by it from trading and investment activities provided that the Trust and/or the Sub-Fund(s) are not engaged in, or deemed to be engaged in, a US trade or business to which such income or gain is treated as effectively connected. However, the Trust and/or the Sub-Fund(s) cannot give complete assurance that it will not be treated as conducting a trade or business within the US.

The Trust and/or the Sub-Fund(s) may be subject to a 30% US withholding tax on the gross amount of US source fixed or determinable annual or periodical income, such as interest and dividend, in each case to the extent such amounts are not effectively connected with a US trade or business.

Non-US Unitholders

Unitholders that are non-resident alien individuals or non-US corporations generally should not be subject to US federal income taxation on income or gains realised from the sale, exchange or redemption of Units held as a capital asset, unless such income or gain is otherwise effectively connected with a US trade or business.

US Tax-Exempt Unitholders

Because the Trust and/or the Sub-Fund(s) default to be treated as a corporation for US federal income tax purposes, debt incurred by the Trust and/or the Sub-Fund(s) for purposes of acquiring assets will be blocked by the Trust and/or the Sub-Fund(s) and will not be considered acquisition indebtedness incurred by US tax-exempt Unitholders. Income or gain realised on an investment in the Trust and/or the Sub-Fund(s) by a US tax-exempt Unitholder generally should not be taxable as unrelated business taxable income, provided that such US tax-exempt Unitholder does not incur acquisition indebtedness in connection with its purchase of Units.

US Taxable Unitholders

US taxable Unitholders should generally be subject to US federal income taxation on income or gains realized from the sale, exchange or redemption of Units held as a capital asset as well as distributions made by the Trust and/or the Sub-Fund(s). The Trust and/or the Sub-Fund(s) may be classified as a passive foreign investment company ("**PFIC**"). The PFIC provisions of the IRC impose, among other adverse tax consequences, tax at often materially higher rates (plus interest charge) than would otherwise apply to gains and certain distributions made by a PFIC indirectly held by a US taxable Unitholder. Alternative rules apply if the US taxable Unitholder would make certain PFIC election with respect to the PFIC. PFIC rules can be highly complex, prospective US taxable Unitholders should consult with their own tax advisers with respect to these matters before investing in the Trust and/or the Sub-Fund(s). The Trust and/or the Sub-Fund(s) have not committed itself to provide the US taxable Unitholders with all of the information concerning the Trust and/or the Sub-Fund(s) necessary to complete the US federal income tax informational returns/ forms.

13.4 Other jurisdiction(s)

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

13.5 General

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

14. OTHER IMPORTANT INFORMATION

14.1 Financial Reports

The Trust's financial year end is 31 December in each year. The Trust's first audited annual financial report will be for the period ending on 31 December 2020, which will available by April 2021. The Trust's first unaudited interim financial report dated June 2021 will be available by August 2021.

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

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

14.2 Removal and Retirement of the Manager

The Manager shall be subject to removal by not less than three (3) months' notice in writing given by the Trustee in any of the following events:

(a) if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation) or if a receiver is appointed over any of its assets;

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

(c) if the Unitholders of not less than 50% in value of the Units for the time being outstanding deliver to the Trustee in writing a request that the Manager should retire; or

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

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

14.3 Removal and Retirement of the Trustee

The Trustee shall be subject to removal by not less than three (3) months' notice in writing given by the Manager (or such shorter period of notice as the parties may agree). Notwithstanding the foregoing, the Manager may by notice remove the Trustee in any of the following events:

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

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

(c) if the Manager wishes to appoint a new trustee.

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

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

14.4 Potential Conflicts of Interest, Transactions with Connected Persons, Cash Rebates and Soft Commissions

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

In addition:

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

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

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

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

(e) Any arrangements for the deposit of any monies for the account of the Sub-Fund may be made with any of the Trustee, the Manager, any Investment Delegate or any Connected Person of any of them being a banker or other financial institution provided that such payment shall be maintained in a manner that is in the best interest of the Unitholders, having regard to the prevailing rates or amounts for transactions of a similar type, size and term, negotiated at arm's length in accordance with ordinary and normal course of business.

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

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

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

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

All transactions carried out by or on behalf of the Sub-Funds will be executed at arm's length and in the best interest of the Unitholders in compliance with applicable laws and regulations. Any transactions between the Sub-Funds and the Manager, Investment Delegate, or any of their Connected Persons as principal may only be made with the prior written consent of the Trustee. All such transactions will be disclosed in the Sub-Fund's annual report.

The brokerage and other agency transactions for the account of the Sub-Funds may be executed through brokers or dealers connected to the Manager, Investment Delegate, directors of the Manager, the Trustee or their Connected Persons. However, for so long as a Sub-Fund is authorised by the Commission, the Manager shall ensure that it complies with the following requirements when transacting with brokers or dealers connected to the Manager, Investment Delegate, directors of the Sub-Fund(s), Trustee or their Connected Persons, save to the extent permitted under the Code or any waiver obtained from the Commission:

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

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

(c) the transaction execution must be consistent with the 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 will be disclosed in the relevant Sub-Fund's annual report, describing the soft dollar policies and practices of the management company or investment delegate (if any), including a description of the goods and services received by them.

Neither the Manager, Investment Delegate (if any), director of the Manager or the Trustee nor any of their Connected Persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions to them.

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

Neither the Manager, Investment Delegate nor any of their connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the Sub-Fund's property to the broker or dealer save that goods and services (soft dollars) may be retained if:

(a) the goods or services are of demonstrable benefit to Unitholders;

(b) the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates;

(c) adequate prior disclosure is made in the Trust's offering document the terms of which Unitholders have consented to;

(d) periodic disclosure is made in the relevant Sub-Fund's annual report in the form of a statement describing the soft dollar policies and practices of the Management Company or Investment Delegate, including a description of the goods and services received by them; and

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

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

14.5 *Termination of the Trust or a Sub-Fund*

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

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

(a) if the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee), become bankrupt or if a receiver is appointed over any of their assets and not discharged within sixty (60) days;

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

(c) if the Trust shall cease to be authorised pursuant to the Securities and Futures Ordinance or if any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (the Commission in Hong Kong) to continue the Trust;

(d) if the Manager shall, pursuant to sub-section 14.2 (other than sub-section 14.2(a) thereof) have ceased to be the Manager and, within a period of thirty (30) days thereafter, no other qualified corporation shall have been appointed by the Trustee as successor Manager in accordance with sub-section 14.2; or

(e) if the Trustee shall have notified the Manager of its desire to retire as Trustee and the Manager shall fail to find a qualified corporation to act as a trustee in place of the Trustee within sixty (60) days therefrom or as the case may be, thirty (30) days therefrom as prescribed under sub-section 14.3.

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

(a) if on any date, in relation to the Trust, the aggregate Net Asset Value of all Units shall be less than USD150 million (or its equivalent in other currencies) or in relation to a Sub-Fund, the aggregate Net Asset Value of the Units of the relevant classes outstanding hereunder shall be less than USD10 million (or its equivalent in other currencies) or such other amount as may be specified in the Appendix of the relevant Sub-Fund; (b) in the opinion of the Manager, it is impracticable or inadvisable to continue the Trust, a Sub-Fund and/or any class of Units (as the case may be) (including without limitation, a situation where it is no longer economically viable to operate the Trust, the Sub-Fund or the relevant class of Units);

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

(d) if the Trust and/or the relevant Sub-Fund shall cease to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance or listed on the SEHK or other recognised securities markets;

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

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

(g) the occurrence of any other event(s) or in such other circumstance(s) as set out in any Supplemental Deed or Notice of Establishment of the relevant Sub-Fund or class of Units.

In cases of termination of the Trust or a Sub-Fund under the above circumstances, no less than one month's notice will be given to Unitholders.

14.5A Forfeiture of Unclaimed Proceeds or Distributions

If any redemption proceed or distribution remains unclaimed six years after the relevant Redemption Day or distribution date, as the case may be, (a) the Unitholder and any person claiming through, under or in trust for the Unitholder forfeits any right to the proceed or distribution; and (b) the amount of the proceed or distribution will become part of the relevant Sub-Fund unless such Sub-Fund shall have been terminated in which case such amount shall be paid into a court of competent jurisdiction subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

14.6 Trust Deed

The Trust was established under Hong Kong law by a trust deed dated 24 February 2020 (as may be amended, modified and/or supplemented from time to time). All holders of Units are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

14.7 Indemnification and Limitation of Liability

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

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

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

14.8 <u>Modification of Trust Deed</u>

The Trustee and the Manager may agree to modify the Trust Deed by supplemental deed without consulting Unitholders provided that the Trustee is in the opinion that such modification (i) is not materially prejudicial to the interests of Unitholders, does not operate to release to any material extent the Trustee, the Manager or any other person from any liability to the Unitholders and will not result in any increase in the amount of costs and charges payable out of the assets of the Trust or (ii) is necessary in order to comply with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law) or (iii) is necessary to correct a manifest error.

In all other cases involving any material changes, no modification may be made except with the sanction of an extraordinary resolution of the Unitholders affected and prior approval of the Commission (if applicable).

14.9 <u>Meetings of Unitholders</u>

The Trust Deed contains detailed provisions for meetings of Unitholders. Meetings may be convened by the Trustee, the Manager or the holders of at least 10% in value of the Units in issue, on not less than 14 days' notice. Notice of meetings will be posted to Unitholders and posted on HKEX's website at <u>www.hkex.com.hk</u>. Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting to pass an ordinary resolution will be Unitholders present in person or by proxy registered as holding not less than 10% of the Units for the time being in issue. The quorum for a meeting to pass an extraordinary resolution will be Unitholders present in person or by proxy registered as holding not less than 25% of the Units for the time being in issue (in which case 21 days' notice is required) or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number or the number of Units held by them. Save as provided in section "***14.8 Modification of Trust Deed***" above, a meeting to pass an extraordinary resolution may be used to modify the terms of the Trust Deed, including terminating the Sub-Fund at any time. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum.

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

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

14.10 <u>Voting Rights</u>

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

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

14.11 ***Documents Available for Inspection***

Copies of the Trust Deed, Service Agreement or the Conversion Agency Agreement (as applicable), Participation Agreements, other material contracts, if any (as specified in Part 2 of this Prospectus) and the latest annual and interim reports (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***14.18 Complaints and Enquiries***" below for the address of the Manager.

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

14.12 ***Part XV of the Securities and Futures Ordinance***

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

14.13 ***Anti-Money Laundering Regulations***

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

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

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

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

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

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

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

14.14 <u>Liquidity Risk Management</u>

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

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

The liquidity management policy involves monitoring the profile of investments held by each Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy, and will facilitate compliance with each Sub-Fund's obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Sub-Funds under normal and exceptional market conditions.

As a liquidity risk management tool, the Manager may after consultation with the Trustee limit the number of Units of a Sub-Fund redeemed on any Dealing Day to Units representing 10% of the total number of Units of the such Sub-Fund in issue (or such higher percentage as the Manager may determine in respect of the Sub-Fund).

14.15 <u>Publication of Information relating to the Sub-Funds</u>

The Manager will publish important news and information in respect of the Sub-Funds (including in respect of the Underlying Index), both in English and in Chinese languages, on its website http://am.ssif.com.hk and on HKEX's website at www.hkex.com.hk including:

(a) this Prospectus (as amended and supplemented from time to time);
(b) the latest Product Key Facts Statements of the Sub-Funds;
(c) the latest audited annual and unaudited interim financial reports of the Sub-Funds in English;

(d) any public announcements made by a Sub-Fund, including information in relation to the relevant Sub-Fund and the Underlying Index, notices of the suspension of the calculation of Net Asset Value, changes in fees and charges and the suspension and resumption of trading of Units and notices relating to material changes to a Sub-Fund that may have an impact on its investors, including notices for material alterations or additions to this Prospectus or the Sub-Fund's Product Key Facts Statement or constitutive documents;
(e) the near real-time indicative Net Asset Value per Unit of a Sub-Fund (updated every 15 seconds throughout each Dealing Day in the base currency of the Sub-Fund and in each trading currency) during normal trading hours on the SEHK;
(f) the last Net Asset Value of each Sub-Fund in the base currency and last Net Asset Value per Unit of each Sub-Fund in the base currency of the Sub-Fund and in each trading currency (updated on a daily basis);
(g) the full composition of the relevant Sub-Fund (updated on a daily basis);
(h) the composition of dividends for each relevant Sub-Fund (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital (if any)), for a rolling 12-month period;
(i) the annual tracking difference and tracking error of the relevant Sub-Fund;
(j) the ongoing charges figure and past performance information of each Sub-Fund;
(k) information on securities financing transaction (such as counterparty exposure and collateral information) (if any);
(l) information on financial derivative instruments (such as counterparty exposure and collateral information) (if any); and
(m) the latest list of Participating Dealers and market makers.

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

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

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

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

Please refer to the section "***14.16 Website Information***" below for the warning and the disclaimer regarding information contained in such website.

14.16 Website Information

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

Note that the contents of any website and any other websites referred to in this Prospectus have not been reviewed by the Commission.

14.17 Notices

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

14.18 Complaints and Enquiries

Any investor enquiries or complaints should be submitted in writing to the Manager's office (Unit A, 29/F, Admiralty Center Tower 1, 18 Harcourt Road, Admiralty, Hong Kong) or calling the Manager at telephone number at (852) 2501 1001 and the Manager will respond in writing within 14 Business Days.

14.19 Certification for Compliance with FATCA or Other Applicable Laws

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

14.20 Power to Disclose Information to Tax Authorities

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

SCHEDULE 1 - INVESTMENT AND BORROWING RESTRICTIONS

If the investment and borrowing restrictions for a Sub-Fund are breached, the Manager shall as a priority objective take all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the Unitholders of the relevant Sub-Fund.

1. Investment limitations applicable to each Sub-Fund

No holding of any security may be acquired for or added to a Sub-Fund which would be inconsistent with achieving the investment objective of the Sub-Fund or which would result in:-

(a) the aggregate value of the Sub-Fund's investments in, or exposure to, any single entity (other than Government and other public securities) through the following exceeding 10% of the latest available Net Asset Value of the relevant Sub-Fund:

(i) investments in securities issued by that entity;

(ii) exposure to that entity through underlying assets of financial derivative instruments; and

(iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.

For the avoidance of doubt, restrictions and limitations on counterparty as set out in sub-paragraphs 1(a), 1(b) and 4.4(c) of this Schedule 1 will not apply to financial derivative instruments that are:

(A) transacted on an exchange where the clearing house performs a central counterparty role; and

(B) marked-to-market daily in the valuation of their financial derivative instrument positions and subject to margining requirements at least on a daily basis.

The requirements under this sub-paragraph 1(a) will also apply in the case of sub-paragraphs 6(e) and (j) of this Schedule 1.

(b) subject to sub-paragraphs 1(a) and 4.4(c) of this Schedule 1, the aggregate value of the Sub-Fund's investments in, or exposure to, entities within the same group through the following exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund:

(i) investments in securities issued by those entities;

(ii) exposure to those entities through underlying assets of financial derivative instruments; and

(iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.

For the purposes of sub-paragraphs 1(b) and 1(c) of this Schedule 1, "entities within the same group" means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards.

The requirements under this sub-paragraph 1(b) will also apply in the case of sub-paragraphs 6(e) and (j) of this Schedule 1.

(c) the value of the Sub-Fund's cash deposits made with the same entity or entities within the same group exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund provided that the 20% limit may be exceeded in the following circumstances:

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

(ii) cash proceeds from liquidation of investments prior to the merger or termination of the Sub-Fund, whereby the placing of cash deposits with various financial institutions would not be in the best interests of investors; or

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

For the purposes of this sub-paragraph 1(c), "**cash deposits**" generally refer to those that are repayable on demand or have the right to be withdrawn by the Sub-Fund and not referable to provision of property or services.

(d) the Sub-Fund's holding of any ordinary shares (when aggregated with all other Sub-Funds' holdings of such ordinary shares) exceeding 10% of any ordinary shares issued by any single entity.

(e) the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a securities market, exceeding 15% of the latest available Net Asset Value of such Sub-Fund.

(f) (i) notwithstanding sub-paragraphs 1(a), 1(b) and 1(d), the value of the Sub-Fund's total holding of Government and other public securities of the same issue exceeding 30% of the latest available Net Asset Value of such Sub-Fund.

(ii) subject to sub-paragraph 1(f)(i) above, the Sub-Fund may invest all of its assets in Government and other public securities in at least six different issues.

(iii) For the avoidance of doubt, Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

(g) (i) the value of the Sub-Fund's investment in units or shares in other collective investment schemes (namely "**underlying schemes**") which are non-eligible schemes (the list of "eligible schemes" is as specified by the Commission from time to time) and not authorised by the Commission in aggregate exceeding 10% of its latest available Net Asset Value; and

(ii) the value of the Sub-Fund's investment in units or shares in each underlying scheme which is either an eligible scheme (the list of "eligible schemes" is as specified by the Commission from time to time) or a scheme authorised by the Commission exceeding 30% of its latest available Net Asset Value unless the underlying scheme is authorised by the Commission, and the name and key investment information of the underlying scheme are disclosed in the offering document of that Sub-Fund,

provided that:

(A) no investment may be made in any underlying scheme the investment objective of which is to invest primarily in any investment prohibited by Chapter 7 of the Code;

(B) where an 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. For the avoidance of doubt, a Sub-Fund may invest in underlying scheme(s) authorised by the Commission under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) of which the net derivative exposure does not exceed 100% of its total net asset value, and Qualified Exchange Traded Funds in compliance with sub-paragraphs 1(g)(i) and (ii) of this Schedule 1;

(C) the underlying scheme's objective may not be to invest primarily in other collective investment scheme(s);

(D) all initial charges and redemption charges on the underlying scheme(s) must be waived if the underlying scheme is managed by the Manager or its Connected Persons; and

(E) 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 its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.

For the avoidance of doubt:

(aa) unless otherwise provided under the Code, the spread requirements under sub-paragraphs 1(a), (b), (d) and (e) of this Schedule 1 do not apply to investments in other collective investment schemes by a Sub-Fund;

(bb) unless otherwise disclosed in the Appendix of a Sub-Fund, the investment by a Sub-Fund in a Qualified Exchange Traded Fund will be considered and treated as listed securities for the purposes of and subject to the requirements in sub-paragraphs 1(a), (b) and (d) of this Schedule 1. Notwithstanding the aforesaid, the investments by a Sub-Fund in Qualified Exchange Traded Funds shall be subject to sub-paragraph 1(e) of this Schedule 1 and the relevant investment limits in Qualified Exchange Traded Funds by a Sub-Fund shall be consistently applied;

(cc) where investments are made in listed REITs, the requirements under sub-paragraphs 1(a), (b) and (d) of this Schedule 1 apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under sub-paragraphs 1(e) and (g)(i) of this Schedule 1 apply respectively; and

(dd) 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 sub-paragraphs 1(a), (b), (c) and (f) of this Schedule 1 provided that the index is in compliance with the requirements under 8.6(e) of the Code.

2. Investment prohibitions applicable to each Sub-Fund

The Manager shall not, unless otherwise specifically provided for in the Code, on behalf of any Sub-Fund:-

(a) invest in physical commodities unless otherwise approved by the Commission on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary;

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

(c) make short sales unless (i) the liability of the relevant Sub-Fund to deliver securities does not exceed 10% of its latest available Net Asset Value; (ii) the security which is to be sold short is actively traded on a securities market where short selling activity is permitted; and (iii) the short sales are carried out in accordance with all applicable laws and regulations;

(d) carry out any naked or uncovered short sale of securities;

(e) subject to sub-paragraph 1(e) of this Schedule 1, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the avoidance of doubt, reverse repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule 1 are not subject to the limitations in this sub-paragraph 2(e);

(f) acquire any asset or engage in any transaction which involves the assumption of any liability by the relevant Sub-Fund which is unlimited. For the avoidance of doubt, the liability of Unitholders of a Sub-Fund is limited to their investments in that Sub-Fund;

(g) invest in any security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5%, or collectively they own more than 5%, of the total nominal amount of all the issued securities of that class;

(h) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from the Sub-Fund's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purposes of sub-paragraphs 4.5 and 4.6 of this Schedule 1.

3. Feeder Funds

A Sub-Fund which is a feeder fund may invest 90% or more of its total Net Asset Value in a single collective investment scheme ("**underlying scheme**") in accordance with the following provisions –

(a) such underlying scheme ("**master fund**") must be authorised by the Commission;

(b) no increase in the overall total of initial charges, redemption charges, management fees, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by the feeder fund may result, if the master fund in which the feeder fund invests is managed by the Manager or by a Connected Person of the Manager;

(c) notwithstanding proviso (C) to sub-paragraph 1(g) of this Schedule 1, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in sub-paragraphs 1(g)(i) and (ii) and proviso (A) and (B) to sub-paragraph 1(g) of this Schedule 1.

4. Use of financial derivative instruments

4.1 A Sub-Fund may acquire financial derivative instruments for hedging purposes. For the purposes of this sub-paragraph 4.1, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all 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 or risks arising from the investments being hedged;

(c) although they may not necessarily reference to the same underlying assets, 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.

4.2 A Sub-Fund may also acquire financial derivative instruments for non-hedging purposes ("**investment purposes**") subject to the limit that such Sub-Fund's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its latest available Net Asset Value provided that such limit may be exceeded in such circumstances as permitted under the Code, handbook, code and/or guideline issued by the Commission from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes under sub-paragraph 4.1 of this Schedule 1 will not be counted towards the 50% limit referred to in this sub-paragraph 4.2 so long as there is no residual derivative exposure arising from such hedging arrangement. Net derivative exposure shall be calculated in accordance with the Code and the requirements and guidance issued by the Commission which may be updated from time to time.

4.3 Subject to sub-paragraphs 4.2 and 4.4 of this Schedule 1, a Sub-Fund may invest in financial derivative instruments provided that the exposure to the underlying assets of the financial derivative instruments, 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 sub-paragraphs 1(a), (b), (c), (f), (g)(i) and (ii), proviso (A) to (C) to sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule 1.

4.4 The financial derivative instruments invested by a Sub-Fund shall be either listed/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, currencies, or other asset classes acceptable to the Commission, in which the Sub-Fund may invest according to its investment objectives and policies;

(b) the counterparties to transactions of over-the-counter financial derivative instruments or their guarantors are substantial financial institutions or such other entity acceptable to the Commission;

(c) subject to sub-paragraphs 1(a) and (b) of this Schedule 1, a Sub-Fund's net counterparty exposure to a single entity arising from transactions of over-the-counter financial derivative instruments may not exceed 10% of its latest available Net Asset Value provided that the exposure of the Sub-Fund to a counterparty of over-the-counter financial derivative instruments may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter financial derivative instruments with that counterparty, if applicable; and

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

4.5 A Sub-Fund should at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in financial derivative instruments in respect of a Sub-Fund are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 4.5, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in financial derivative instruments shall be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

4.6 Subject to sub-paragraph 4.5 of this Schedule 1, a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of a Sub-Fund shall be covered as follows:

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

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

4.7 The requirements under sub-paragraphs 4.1 to 4.6 of this Schedule 1 shall apply to embedded financial derivative. For the purposes of this Prospectus, an "**embedded financial derivative**" is a financial derivative instrument that is embedded in another security, namely the host contract.

5. <u>Securities financing transactions</u>

5.1 A Sub-Fund may engage in securities financing transactions, provided that they are in the best interests of Unitholders of such Sub-Fund to do so and the associated risks have been properly mitigated and addressed, and provided further that the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

5.2 A Sub-Fund shall have at least 100% collateralisation in respect of the securities financing transaction(s) into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions.

5.3 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.

5.4 A Sub-Fund shall only enter into a securities financing transaction if the terms of such securities financing transaction include the power for the Sub-Fund at any time to recall the securities or the full amount of cash (as the case may be) subject to the securities financing transaction(s) or terminate the securities financing transaction(s) into which it has entered.

6. Collateral

In order to limit the exposure to each counterparty as set out in sub-paragraphs 4.4(c) and 5.2 of this Schedule 1, a Sub-Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements set out below:

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

(b) Valuation – the collateral is marked-to-market daily by using independent pricing sources;

(c) Credit quality – the collateral is of high credit quality provided that, in the event 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, such collateral shall be replaced immediately;

(d) Haircut – the collateral is subject to a prudent haircut policy;

(e) Diversification – the collateral is appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group. A Sub-Fund's exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in sub-paragraphs 1(a), 1(b), 1(c), 1(f), 1(g)(i) and (ii) and provisos (A) to (C) of sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule 1;

(f) Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the financial derivative instruments, or the counterparty of securities financing transactions in such a way that would undermine the effectiveness of the collateral. For this purpose, securities issued by the counterparty or the issuer of the financial derivative instruments, or the counterparty of securities financing transactions or any of their related entities should not be used as collateral;

(g) Management of operational and legal risks – the Manager has appropriate systems, operational capabilities and legal expertise for proper collateral management;

(h) Independent custody – the collateral is held by the Trustee or by duly appointed nominee, agent or delegate (including any custodian);

(i) Enforceability – the collateral is readily accessible or enforceable by the Trustee without further recourse to the issuer of the financial derivative instruments, or the counterparty of the securities financing transactions;

(j) Re-investment of collateral – any re-investment of collateral received for the account of the relevant Sub-Fund shall be subject to the following requirements:

   (i) cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the Commission and acceptable to the Commission, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account;

(ii) non-cash collateral received may not be sold, re-invested or pledged;

(iii) the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in 8.2(f) and 8.2(n) of the Code;

(iv) cash collateral received is not allowed to be further engaged in any securities financing transactions;

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

(k) the collateral is free of prior encumbrances; and

(l) the collateral generally does not include (i) structured products whose payouts rely on embedded financial derivatives or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitized products; or (iv) unlisted collective investment schemes.

Further details relating to the collateral policy of the Fund and/or Sub-Funds are disclosed in "**Part 2 – Information specific to Sub-Funds**".

7. Index Funds

7.1 In the exercise of its investment powers in relation to a Sub-Fund the principal objective of which is to track, replicate or correspond to a financial index or benchmark ("**Underlying Index**"), with an aim of providing or achieving investment results or returns that closely match or correspond to the performance of the Underlying Index ("**Index Fund**"), the Manager shall ensure that the core requirements in paragraphs 1, 2, 4, 5, 6, 8.1 and 9.1 of this Schedule 1 shall apply with the modifications or exceptions as set out in sub-paragraphs 7.2 to 7.4 below.

7.2 Notwithstanding sub-paragraph 1(a) of this Schedule 1, more than 10% of the latest available Net Asset Value of a Sub-Fund may be invested in constituent securities issued by a single entity provided that:-

(a) it is limited to any constituent securities that each accounts for more than 10% of the weighting of the Underlying Index; and

(b) the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the Underlying Index, except where weightings are exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature,

7.3 Investment restrictions in sub-paragraphs 7.2(a) and (b) of this Schedule 1 do not apply if:

(a) a Sub-Fund adopts a representative sampling strategy which does not involve the full replication of the constituent securities of the Underlying Index in the exact weightings of such Underlying Index;

(b) the strategy is clearly disclosed in the relevant Appendix of the Sub-Fund;

(c) the excess of the weightings of the constituent securities held by the Sub-Fund over the weightings in the Underlying Index is caused by the implementation of the representative sampling strategy;

(d) any excess weightings of the Sub-Fund's holdings over the weightings in the Underlying Index must be subject to a maximum limit reasonably determined by the Sub-Fund after consultation with the Commission. In determining this limit, the Sub-Fund must consider the characteristics of the underlying constituent securities, their weightings and the investment objectives of the Underlying Index and any other suitable factors;

(e) limits laid down for the Sub-Fund pursuant to sub-paragraph 7.3(d) must be disclosed in the relevant Appendix of the Sub-Fund; and

(f) disclosure must be made in the Sub-Fund's interim and annual financial reports as to whether the limits imposed for the Sub-Fund itself pursuant to sub-paragraph 7.3(d) of this Schedule 1 have been complied with in full.

7.4 Due to its index-tracking nature, the Commission may, upon sufficient justification, consider not requiring a Sub-Fund to strictly comply with the investment restrictions in sub-paragraphs 1(b) and (c) of this Schedule 1 on a case-by-case basis. Subject to approval of the Commission, the 30% limit in sub-paragraph 1(f)(i) of this Schedule 1 may be exceeded, and a Sub-Fund may invest all of its assets in Government and other public securities in any number of different issues despite sub-paragraph 1(f)(ii) of this Schedule 1.

8. Borrowing and Leverage

The expected maximum level of leverage of each Sub-Fund is as follows:

Cash borrowing

8.1 No borrowing shall be made in respect of a Sub-Fund which would result in the principal amount for the time being of all borrowings made for the account of the relevant Sub-Fund exceeding an amount equal to 10% of the latest available Net Asset Value of the relevant Sub-Fund provided always that back-to-back loans do not count as borrowing. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule 1 are not borrowings for the purpose of, and are not subject to the limitations in this sub-paragraph 8.1.

Leverage from the use of financial derivative instruments

8.2 A Sub-Fund may also be leveraged through the use of financial derivative instruments and its expected maximum level of leverage through the use of financial derivative instruments (i.e. expected maximum net derivative exposure) is set out in the relevant Appendix.

8.3 In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the portfolio level of the relevant Sub-Fund are converted into their equivalent positions in their underlying assets. The net derivative exposure is calculated in accordance with the requirements and guidance by the Commission which may be updated from time to time.

8.4 The actual level of leverage may be higher than such expected level in exceptional circumstances, for example when there are sudden movements in markets and/or investment prices.

9. Name of Sub-Fund

9.1 If the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund must, 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.

10. Structured Funds

The following general criteria shall apply to a Structured Fund, which seeks to achieve its investment objective primarily through investment in financial derivative instruments, for example futures, swap or market access products or similar arrangement. Notwithstanding paragraph 4 of this Schedule 1, a Structured Fund’s net derivative exposure exceeds 50% of its total Net Asset Value. In respect of a Structured Fund, the core requirements as summarised in paragraphs 1 to 9 of this Schedule 1 above will apply with modifications, exemptions or additional requirements set out below:

(a) the Manager and the issuer of financial derivative instruments shall be independent of each other;

(b) the valuation of the financial derivative instruments must meet the requirements set out in sub-paragraph 4.4(d) of this Schedule 1;

(c) notwithstanding sub-paragraph 4.4(c) of this Schedule 1, full collateralisation shall be maintained and there should be no net exposure to any single counterparty of over-the-counter financial derivative instruments; and

(d) any collateral obtained for the purpose of paragraph (c) above, shall meet the requirements set out in paragraph 6 of this Schedule 1.

PART 2 - INFORMATION SPECIFIC TO SUB-FUNDS

APPENDIX 1

SSIF DCE Iron Ore Futures Index ETF

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

STOCK CODES: 09047 (USD counter) and 03047 (HKD counter)

MANAGER

Shanxi Securities International Asset Management Limited

LISTING AGENT

Altus Capital Limited

March 2021

SSIF DCE Iron Ore Futures Index ETF

Stock Codes: 09047 (USD counter) and 03047 (HKD counter)

1. KEY INFORMATION

1.1 General

This appendix sets out information specific to the SSIF DCE Iron Ore Futures Index ETF. For general information about the Trust and its Sub-Funds, please refer to Part 1 of this Prospectus. Investors should read both Parts of the Prospectus before investing in SSIF DCE Iron Ore Futures Index ETF. In particular, investors should consider the general risk factors set out in section "***4. General Risk Factors***" of Part 1 of this Prospectus and any specific risk factors set out in section "***12. Risk Factors relating to the SSIF DCE Iron Ore Futures Index ETF***" of this Appendix, before investing in the SSIF DCE Iron Ore Futures Index ETF.

Application has been made to the SEHK for the listing of, and permission to deal in, the Units of the SSIF DCE Iron Ore Futures Index ETF. Subject to the approval granting of listing of, and permission to deal in the Units on the SEHK and compliance with the relevant admission requirements of the HKSCC, Units in the SSIF DCE Iron Ore Futures Index ETFwill be accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS with effect from the date of commencement of dealings in Units on the SEHK or such other date as may be determined by HKSCC. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

1.2 Summary of Information

The following table sets out certain key information in respect of the SSIF DCE Iron Ore Futures Index ETF, and should be read in conjunction with the full text of this Prospectus.

Investment Type	Exchange Traded Fund ("**ETF**") authorised as a collective investment scheme by the Commission under Chapter 8.6 of the Code The SSIF DCE Iron Ore Futures Index ETF is also a Structured Fund falling under Chapter 8.8 of the Code
Underlying Index	DCE Iron Ore Futures Price Index Inception Date: 7 April 2017 Base Currency of Index: RMB (CNY)
Type of Underlying Index:	A price return index which means that it does not include the reinvestment of dividends from the constituents, such dividends being net of any withholding tax
Index Provider	DCE
Investment Strategy	The Manager will primarily use the full replication strategy. Please refer to section ***"3. Investment Objective and Strategy***" of this Appendix for further details.

Net Derivative Exposure	The SSIF DCE Iron Ore Futures Index ETF's net derivative exposure may be more than 50% but up to 100% of its Net Asset Value.
Initial Issue Date	26 March 2020
Listing Date	27 March 2020
Dealing on SEHK Commencement Date	USD counter: 27 March 2020 HKD counter: 27 March 2020
Exchange Listing	SEHK - Main Board
Stock Codes	USD counter: 09047 HKD counter: 03047
Stock Short Name	USD counter: F SSIFIRONORE-U HKD counter: F SSIFIRONORE
Trading Board Lot Size	USD counter: 100 Units HKD counter: 100 Units
Base Currency	US dollar (USD)
Trading Currency	USD counter: US dollars (USD) HKD counter: Hong Kong dollars (HKD)
Dividend Policy	The Manager has sole discretion to determine the dividend and distribution policy. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the SSIF DCE Iron Ore Futures Index ETF are charged to/paid out of the capital of the SSIF DCE Iron Ore Futures Index ETF, resulting in an increase in distributable income for the payment of dividends by the SSIF DCE Iron Ore Futures Index ETF and therefore, the SSIF DCE Iron Ore Futures Index ETF may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from capital gains attributable to that original investment. Any distributions involving payment of dividends out of the SSIF DCE Iron Ore Futures Index ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the SSIF DCE Iron Ore Futures Index ETF. Distributions (if declared) will be declared in the Base Currency of the SSIF DCE Iron Ore Futures Index ETF (i.e. USD).

		Please refer to section "***7. Distribution Policy***" in this Appendix for further information on the distribution policy of the SSIF DCE Iron Ore Futures Index ETF and the risk factor headed "***Risk relating to distributions paid out of capital***" under sub-section "***12.7 Other risks***" in this Appendix for the risk associated with distributions paid out of capital.
Application Unit size for Creation/Redemption (only by or through Participating Dealers)		Minimum 300,000 Units (or multiples thereof)
Method of Creation/ Redemption		In-cash only (in USD)
Parties	Manager	Shanxi Securities International Asset Management Limited
	Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited
	Listing Agent	Altus Capital Limited
	Designated Depository Bank (Direct Access Route)	HSBC Bank (China) Company Limited
	PRC Brokers (Direct Access Route)	• Gelin Dahua Futures Co., Ltd. • Citic Futures Co., Ltd. • China Futures Co., Ltd.
	Depository Bank (Indirect Access Route)	Bank of China, Shanghai Branch
	Offshore Brokers (Indirect Access Route)	• Goldman Sachs International • CSC Futures (HK) Limited
	PRC Brokers (Indirect Access Route)	• Qian Kun Futures Co., Ltd • BOC International Futures Limited
	Participating Dealers	• Shanxi Securities International Limited • China Securities (International) Brokerage Company Limited • Goldman Sachs (Asia) Securities Limited • Haitong International Securities Company Limited • HGNH International Securities Co., Limited • Phillip Securities (Hong Kong) Limited • Xin Yongan International Securities Company Limited • Valuable Capital Limited **please refer to the Manager's website set out below for the latest list*
	Market Makers	<u>USD counter:</u> AP Capital Management (Hong Kong) Limited

		HKD counter: AP Capital Management (Hong Kong) Limited **please refer to the Manager's website set out below for the latest list*
	Service Agent	HK Conversion Agency Services Limited
Financial Year		Ending 31 December each year
Management Fee		Up to 2% per annum of the Net Asset Value accrued daily and calculated as at each Dealing Day, with the current rate being 1.2% per annum of the Net Asset Value accrued daily and calculated as at each Dealing Day. One month's prior notice will be provided to investors if the management fee is increased up to the maximum rate.
Website		http://am.ssif.com.hk

1.3 Listing Agent of SSIF DCE Iron Ore Futures Index ETF

Altus Capital Limited has been appointed by the Manager as the Listing Agent for the SSIF DCE Iron Ore Futures Index ETF. The Listing Agent is licensed by the Commission to carry on Type 6 (advising on corporate finance) regulated activity in Hong Kong under the Securities and Futures Ordinance.

1.4 Market Maker

It is a requirement that the Manager ensures that there is at all times at least one market maker for Units of the SSIF DCE Iron Ore Futures Index ETF traded in the USD counter and at least one market maker for Units of the SSIF DCE Iron Ore Futures Index ETF traded in HKD counter although these market makers may be the same entity. If the SEHK withdraws its permit to the existing market maker(s), the Manager will ensure that there is at least one other market maker per counter to facilitate the efficient trading of Units of the SSIF DCE Iron Ore Futures Index ETF. The Manager will ensure that at least one market maker per counter is required to give not less than 3 months' prior notice to terminate market making under the relevant market making agreement.

The list of market markers in respect of the SSIF DCE Iron Ore Futures Index ETF is available on http://am.ssif.com.hk and from time to time will be displayed on www.hkex.com.hk.

2. DEALING

2.1 Exchange Listing and Trading

Application has been made to the SEHK for listing of and permission to deal in Units in the SSIF DCE Iron Ore Futures Index ETF, in USD and HKD.

Currently, Units are expected to be listed and dealt only on the SEHK and no application for listing or permission to deal on any other stock exchanges is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on other stock exchanges subject to applicable law and requirements.

If trading of the Units of the SSIF DCE Iron Ore Futures Index ETF on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for those Units.

2.2 *Buying and Selling of Units of SSIF DCE Iron Ore Futures Index ETF on SEHK*

A Secondary Market Investor can buy and sell the Units of the SSIF DCE Iron Ore Futures Index ETF on the SEHK through his stockbroker at any time the SEHK is open. Units of the SSIF DCE Iron Ore Futures Index ETF may be bought and sold in the Trading Board Lot Size (or the multiples thereof). The Trading Board Lot Size is currently 100 Units for the USD counter and 100 Units for the HKD counter.

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

Please refer to section "***9. Trading of Units on the SEHK (Secondary Market)***" in Part 1 of this Prospectus for further information on buying and selling of Units on the SEHK.

2.3 *Dual Counter Trading*

2.3.1 *Introduction of Dual Counter Trading (Secondary Market)*

The Manager has arranged for the Units of the SSIF DCE Iron Ore Futures Index ETF to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in USD. The SSIF DCE Iron Ore Futures Index ETF will offer two trading counters on the SEHK i.e. USD counter and HKD counter to investors for secondary trading purposes.

Units of the SSIF DCE Iron Ore Futures Index ETF traded under the two counters can be distinguished by their stock codes, their stock short names and a unique and separate ISIN as follows:

Counter	Stock Code	Stock Short Name	Trading Currency	ISIN Number (ISIN; assigned to each counter)
USD counter	09047	F SSIFIRONORE-U	USD	HK0000591633
HKD counter	03047	F SSIFIRONORE	HKD	HK0000591641

Units of the SSIF DCE Iron Ore Futures Index ETF traded in the USD counter will be settled in USD, and Units traded in the HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units of the SSIF DCE Iron Ore Futures Index ETF in the two counters may be different as the USD counter and HKD counter are two distinct and separate markets.

Please note that despite the Dual Counter arrangement, creations and redemptions of new Units for the SSIF DCE Iron Ore Futures Index ETF in the primary market will continue to be made in USD only.

Investors can buy and sell Units of the SSIF DCE Iron Ore Futures Index ETF traded in the same counter. Alternatively, they can buy in one counter and sell in the other counter provided their brokers/intermediaries or CCASS participants provide both USD and HKD trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. However, investors should note that the trading price of Units of the SSIF DCE Iron Ore Futures Index ETF traded in the USD counter and the HKD counter may be different and there is a risk that due to different factors such as market liquidity, market demand and supply in the respective counters and the exchange rate between USD and HKD, the market price on the SEHK of Units traded in USD may deviate significantly from the market price on the SEHK of Units traded in HKD.

Inter-counter buy and sell is permissible even if the trades take place within the same trading day. Investors should also note that some brokers / intermediaries may not provide inter-counter day trade services due to various reasons including operations, system limitations, associated settlement risks and other business considerations. Even if a broker / intermediary is able to provide such service, it may impose an earlier cut-off time, other procedures and/or fees.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on the HKEX's website www.hkex.com.hk/eng/prod/secprod/etf/dc.htm.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factors under the section headed "***12.3 Dual Counter trading risks***" in this Appendix.

2.3.2 Transferability

Units of the SSIF DCE Iron Ore Futures Index ETF traded in all counters are inter-transferable. Units traded in the one counter can be transferred to another counter by way of an inter-counter transfer and vice versa on a one to one basis.

Inter-counter transfer of Units of the SSIF DCE Iron Ore Futures Index ETF will be effected and processed within CCASS only.

2.3.3 Unitholders' Rights

Units of the USD and HKD counters belong to the same class in SSIF DCE Iron Ore Futures Index ETF and Unitholders of Units traded on both counters are entitled to identical rights and are therefore treated equally.

2.3.4 Fees and Other Transaction Costs

The fees and costs payable by a Secondary Market Investor for buying and selling Units of the SSIF DCE Iron Ore Futures Index ETF on the SEHK are the same for the USD and HKD counters.

HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of the SSIF DCE Iron Ore Futures Index ETF from one counter to another counter.

2.4 Creation Applications and Redemption Applications by Participating Dealers

The general terms and procedures relating to Creation Applications and Redemption Applications by the Participating Dealers are set out in section "7. Creation and Redemption of Application Units (Primary Market)" of Part 1 of this Prospectus, which should be read in conjunction with the following specific terms and procedures which relate to the SSIF DCE Iron Ore Futures Index ETF only.

The Manager currently only allows Creation Applications and Redemption Applications in cash for Units of the SSIF DCE Iron Ore Futures Index ETF. Notwithstanding the Dual Counter, any cash payable by Participating Dealers in a Creation Application must be in USD. Units which are created must be deposited in CCASS in the USD counter initially.

Settlement in cash for subscribing Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

The Application Unit size for SSIF DCE Iron Ore Futures Index ETF is 300,000 Units. Creation Applications submitted in respect of Units other than in Application Unit size will not be accepted. The minimum subscription for the SSIF DCE Iron Ore Futures Index ETF is one Application Unit.

The USD traded Units and the HKD traded Units can be redeemed by way of a Redemption Application (through a Participating Dealer). The process of redemption of Units deposited under the USD counter and the HKD counter is the same. Notwithstanding the Dual Counter, any cash proceeds received by Participating Dealers in an In-Cash Redemption shall be paid only in USD.

2.4.1 Dealing Period

The dealing period on each Dealing Day for a Creation Application or Redemption Application in respect of the SSIF DCE Iron Ore Futures Index ETF commences at 9:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 1:30 p.m. (Hong Kong time), as may be revised by the Manager from time to time. Any Creation Application or Redemption Application received after the Dealing Deadline will be considered as received on the next Dealing Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster (in consultation with the Trustee) after taking into account the interest of other Unitholders of the SSIF DCE Iron Ore Futures Index ETF, exercise its discretion to accept an application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. Notwithstanding the aforesaid, where in the Trustee’s reasonable opinion, the Trustee’s operational requirements cannot support accepting any such application, the Manager shall not exercise its discretion to accept any application.

The cleared funds in respect of Creation Applications must be received by 12:00 p.m. on the relevant Dealing Day or such other time as may be agreed by the Trustee, the Manager and the relevant Participating Dealer.

2.4.2 Issue Price and Redemption Price

In respect of each Creation Application during the Initial Offer Period, the Issue Price of a Unit of any class which is the subject of the Creation Application in relation to the SSIF DCE Iron Ore Futures Index ETF shall be equal to two-thousandth (1/2000th) of the closing level of the Underlying Index on the trading day immediately preceding the Initial Offer Period or such other price as may be determined by the Manager in consultation with the Trustee. After the Initial Issue Date, the Issue Price of a Unit of any class in the SSIF DCE Iron Ore Futures Index ETF shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point in respect of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

The Redemption Price of Units of any class redeemed shall be the Net Asset Value per Unit of the relevant class calculated as at the Valuation Point of the relevant Valuation Day rounded to the nearest fourth (4^{th}) decimal place (with 0.00005 being rounded up).

The benefit of any rounding adjustments will be retained by the SSIF DCE Iron Ore Futures Index ETF.

For the avoidance of doubt, the Issue Price and Redemption Price do not take into account Duties and Charges or fees payable by the Participating Dealers.

The "**Valuation Day**" of the SSIF DCE Iron Ore Futures Index ETF, coincides with, and shall mean, the Dealing Day of the SSIF DCE Iron Ore Futures Index ETF or such other days as the Manager may from time to time determine in its absolute discretion (in consultation with the Trustee).

The latest Net Asset Value of the Units will be available on the Manager's website at http://am.ssif.com.hk or published in such other publications as the Manager decides.

2.4.3 Dealing Day

In respect of the SSIF DCE Iron Ore Futures Index ETF, "**Dealing Day**" means each Business Day.

3. INVESTMENT OBJECTIVE AND STRATEGY

Investment Objective

The investment objective of the SSIF DCE Iron Ore Futures Index ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Underlying Index, namely, DCE Iron Ore Futures Price Index. There is no assurance that the SSIF DCE Iron Ore Futures Index ETF will achieve its investment objective.

Investment Strategy

In order to achieve the investment objective of the SSIF DCE Iron Ore Futures Index ETF, the Manager will primarily adopt a full replication strategy by investing directly in DCE Iron Ore Futures Contracts so as to give the SSIF DCE Iron Ore Futures Index ETF the performance of the Underlying Index. In entering into the DCE Iron Ore Futures Contracts, the Manager anticipates that no more than 40% of the Net Asset Value of the SSIF DCE Iron Ore Futures Index ETF from time to time will be used as margin to acquire the DCE Iron Ore Futures Contracts. 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 SSIF DCE Iron Ore Futures Index ETF.

Not less than 60% of the Net Asset Value of the SSIF DCE Iron Ore Futures Index ETF (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 SSIF DCE Iron Ore Futures Index ETF'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;

(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 Commission in accordance with the requirements of the Code and/or up to 10% in money market funds which are not authorised by the Commission.

Yields from such cash deposits, certificates of deposits and money market funds will be used to meet the SSIF DCE Iron Ore Futures Index ETF's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to Unitholders in USD.

Other than DCE Iron Ore Futures Contracts, the Manager has no intention to invest the SSIF DCE Iron Ore Futures Index ETF in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes. The Manager will seek the prior approval of the Commission and provide at least one month's prior notice to Unitholders before the Manager engages in any such investments.

The SSIF DCE Iron Ore Futures Index ETF's net derivative exposure may be more than 50% but up to 100% of its Net Asset Value.

The rolling strategy of the SSIF DCE Iron Ore Futures Index ETF will mimic that of the Underlying Index methodology so as to closely track the Underlying Index. For the SSIF DCE Iron Ore Futures Index ETF, the roll will generally take place over a 5-day period as stated in the Underlying Index methodology. Under exceptional circumstances, the Manager may use its discretion to deviate from the predefined rolling schedule in the best interests of investors.

Prior approval of the Commission will be sought and not less than one month's prior notice will be given to the Unitholders in the event the Manager wishes to change the investment strategy of the SSIF DCE Iron Ore Futures Index ETF unless such changes satisfy the overriding principles and requirements prescribed by the Commission from to time and be considered as immaterial changes.

The investment strategy of the SSIF DCE Iron Ore Futures Index ETF is subject to the investment and borrowing restrictions set out in Schedule 1.

4. <u>SECURITIES LENDING TRANSACTIONS</u>

The Manager does not currently intend to enter into securities lending transactions and repurchase transactions and other similar over-the-counter transactions on behalf of the SSIF DCE Iron Ore Futures Index ETF. Should this intention change in the future, the Commission's prior approval will be sought and at least one month's prior notice will be given to Unitholders and this Prospectus will be updated accordingly.

5. <u>COLLATERAL VALUATION AND MANAGEMENT POLICY</u>

Notwithstanding that the Manager does not currently intend to enter into securities lending and repurchase transactions and other similar over-the-counter transactions, the Manager adopts a collateral management policy in relation to collateral which it may receive in the future in respect of securities financing transactions and over-the-counter financial derivative transactions.

The SSIF DCE Iron Ore Futures Index ETF may receive collateral from a counterparty to a securities financing transaction or over-the-counter derivative transaction in order to reduce its counterparty risk exposure, subject to the investment restrictions and requirements applicable to collateral under Part 1, Schedule 1.

Nature and quality of the collateral

The SSIF DCE Iron Ore Futures Index ETF may receive both cash and non-cash collateral from a counterparty. Cash collateral may include cash, cash equivalents and money market instruments. Non-cash collateral may comprise of government or corporate bonds whether investment grade / non-investment grade, long/short term bonds, listed or traded in any regulated markets.

Criteria for selecting counterparties

The Manager has counterparty selection policies and control measures to manage the credit risks of counterparties of securities financing transactions and over-the-counter derivative transactions which shall include amongst other considerations, fundamental creditworthiness (e.g. ownership structure, financial strength) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country of origin of the counterparty and legal status of the counterparty.

The counterparty of securities financing transactions must be financial institutions which are subject to ongoing prudential regulation and supervision.

The counterparties of over-the-counter derivative transactions will be entities with legal personality typically located in OECD jurisdictions (but may also be located outside such jurisdictions), and be subject to ongoing supervision by a regulatory authority.

The counterparty to a securities financing transaction and an over-the-counter derivative transaction must have a minimum credit rating of A-2 or equivalent, or must be deemed by the Manager to have an implied rating of A-2 or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor’s or Moody’s). Alternatively, an unrated counterparty will be acceptable where the Manager is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A-2 or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor’s or Moody’s).

Valuation of collateral

The collateral received is valued daily by independent pricing source on a mark-to market basis.

Enforcement of collateral

Collateral (subject to any net-off or set-off, if applicable) is capable of being fully enforced by the Manager / SSIF DCE Iron Ore Futures Index ETF at any time without further recourse to the counterparty.

Haircut policy

A documented haircut policy is in place for detailing the policy in respect of each class of assets received by a SSIF DCE Iron Ore Futures Index ETF in order to reduce exposure to counterparties. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received. Haircuts will be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. The haircut policy takes account of the price volatility of the asset used as collateral and other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions.

Further details of the applicable haircut arrangement for each asset class can be available from the Manager upon request.

Diversification and correlation of collateral

Collateral must be sufficiently diversified. The exposures of SSIF DCE Iron Ore Futures ETF to the collateral issuers are monitored in accordance with the relevant restrictions on exposure to a single entity and/or entities within the same group as set out in Part I, Schedule 1.

Collateral received must be issued by an entity that is independent from the relevant counterparty.

Cash collateral reinvestment policy

SSIF DCE Iron Ore Futures ETF shall not sell, pledge or re-invest any non-cash collateral received by it.

Subject to the applicable restrictions in respect of collateral in Part I, Schedule 1, cash collateral received may be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the Code or regulated in a manner generally comparable with the requirements of the Commission and acceptable to the Commission.

Up to 100% of the cash collateral received by SSIF DCE Iron Ore Futures ETF may be reinvested.

Safe-keeping of collateral

Any non-cash assets received from a counterparty on a title transfer basis (whether in respect of a securities financing transaction or an over-the-counter derivative transaction) should be held by the Trustee or a Correspondent. This is not applicable in the event that there is no title transfer in which case the collateral will be held by a third party custodian which is unrelated to the provider of the collateral.

A description of collateral holdings will be disclosed in its interim and annual financial reports as required under Appendix E of the Code.

Assets provided by SSIF DCE Iron Ore Futures ETF on a title transfer basis shall no longer belong to it. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Trustee or a Correspondent.

6. BORROWING RESTRICTIONS

The Manager may borrow up to 10% of the latest available Net Asset Value of SSIF DCE Iron Ore Futures Index ETF to acquire investments, to redeem Units or to pay expenses relating to SSIF DCE Iron Ore Futures Index ETF.

7. DISTRIBUTION POLICY

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the SSIF DCE Iron Ore Futures Index ETF are charged to/paid out of the capital of the SSIF DCE Iron Ore Futures Index ETF, resulting in an increase in distributable income for the payment of dividends by the SSIF DCE Iron Ore Futures Index ETF and therefore, the SSIF DCE Iron Ore Futures Index ETF may effectively pay dividend out of capital. **Investors should note that payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the DCE Iron Ore Futures Index ETF's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit of the SSIF DCE Iron Ore Futures Index ETF and will reduce any capital appreciation for the Unitholders of the SSIF DCE Iron Ore Futures Index ETF.**

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://am.ssif.com.hk .

The distribution policy may be materially amended subject to the Commission's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the Base Currency of the SSIF DCE Iron Ore Futures Index ETF (i.e. USD). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in USD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://am.ssif.com.hk and on HKEX's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx. There can be no assurance that a distribution will be paid.

Each Unitholder will receive distributions in USD (whether holding USD traded Units or HKD traded Units). In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning distributions.

Distribution payment rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

8. PRC TAX PROVISIONS

In light of Circular 21 and Circular 36, based on professional and independent tax advice, the Manager does not intend to make any PRC tax provision on the trading of DCE Iron Ore Futures Contracts.

Please refer to the risk factor headed "***PRC tax considerations***" under section "***4.1 Risk Factors relating to Mainland China***" in Part 1 of this Prospectus for further information in this regard.

9. OVERVIEW OF THE IRON ORE MARKET

What is Iron Ore?

Iron ore refers to the ore that contains iron element or iron compounds. It has industrial use value and is the important raw material for iron and steel iron-making mainly including magnetite (Fe_3O_4), hematite (Fe_2O_3) and siderite ($FeCO_3$). There are many varieties of iron ore and ore products are selected from natural ore through procedures such as crushing, grinding, magnetic separation, flotation and re-selection. It takes about 1.6 tons of iron ore to produce 1 ton of cast iron. Iron ore is graded according to origin, grade and purity.

The grade of iron ore represents the content of iron element in the ores. According to different physical forms, the iron ore family is divided into raw ore, lump ore, fine ore, ore concentrate, sinister ore and pellet ore. The finest ore is selected as the underlying product for iron ore futures trading on DCE.

Demand of Iron Ore

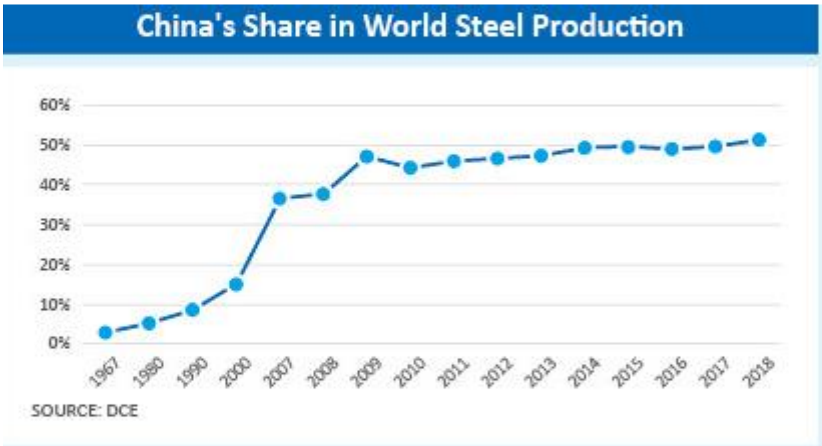
Steel mills are end-users of iron ore and steel productivity determines iron ore consumption. From 2010 to 2017, global iron ore consumption increased by 15.25% with an average annual growth rate of 2.21% and the growth of iron ore consumption in Mainland China and India increased by 21.38% and 70.24%, respectively.

For China, in 2008, cast iron output was 469 million tons and the demand for iron ore was approximately 750 million tons. By 2017, cast iron outputs was 711 million tons and iron ore demand was 1.14 billion tons.

The Importance of Iron Ore to Mainland China

The iron and steel industry is an important pillar for Mainland China's economy as it is closely related to a wide range of industries. The industry plays a significant role in many sectors such as in economic construction, social development, fiscal taxation, national defence and employment stability. Since 2000, China took on a more prominent role in the global production of steel; its contribution in global steel production increased from less than 10% in 1967 to close to 50% of the global production of steel in 2009 and maintained at that level through to 2018.

Chart 1:



As distribution of the global steel production is inconsistent with the distribution of iron ore resources, major steel producing countries and regions, such as Japan, South Korea, the United Kingdom, Italy and Mainland China, import large amounts of iron ore to meet the scale of their steel production. In China, the local supply of domestic iron ores cannot meet the requirements of steel production due to insufficient and low quality output. Hence, there is a strong need for imports of high-grade iron ores in Mainland China. As a result, China is a major importer of iron ore; in 2018, China's import of iron ore amounts to 66% of global imports which is more than double the amount of iron ore imported by Japan, the second highest iron ore importer in the world.

Chart 2:

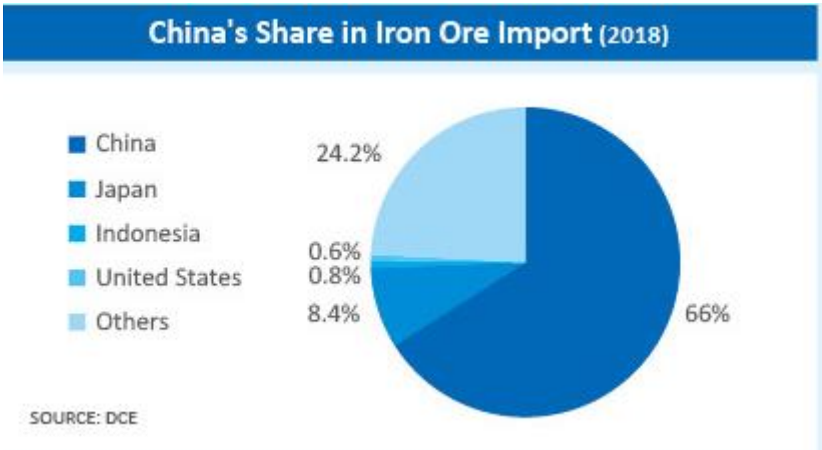
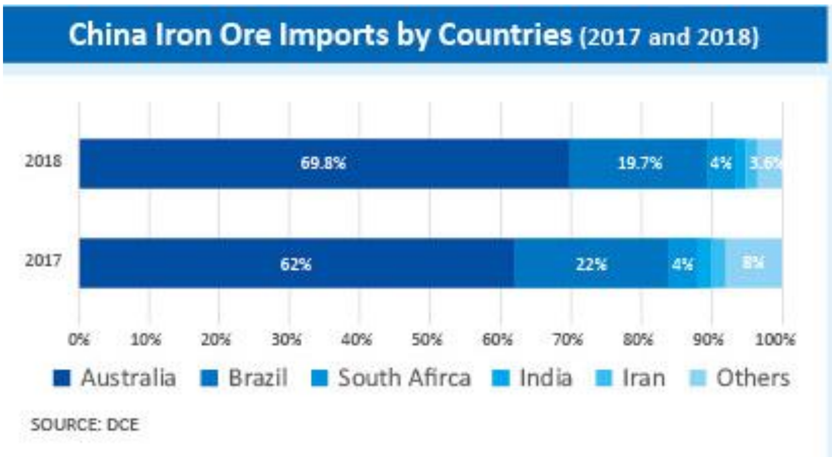


Chart 3:

The import volume was stable during 2015 to 2018 at approximately 1 billion tons per year. Australia, Brazil and South Africa are the top 3 countries of Mainland China's iron ore imports in 2017 and 2018.

Chart 4:



Supply of Iron Ore

As iron ore consumption increases, global output also increases to meet the demand. From 2002 to 2011, the overall global output of iron ore increased by 1.05 billion tons with annual growth of approximately 105 million tons which is equivalent to 8.49% average annual growth rate. In 2012, influenced by the price fluctuation of iron ore, global output declined to 1.90 billion tons, the first decline since the financial crisis. As iron ore prices stabilised in 2016, even small and medium-sized mines resumed production. In 2017, the annual global output reached 2.20 billion tons.

South America, Asia and Oceania are the main sources of increase in global iron ore supply. From 2008 to 2015, the annual growth rate of iron ore output (raw ore output) was more than 40 million tons in Australia. The top 10 countries producing iron ore accounts for more than 80% of global production. The world's high grade iron ore mines are found in Australia and Brazil. The four largest iron ore production companies in the world include Rio-Tinto, BHP Billiton, FMC in Australia and VALE in Brazil. These key suppliers dominate the iron ore market and control more than 70% of the iron ore export market. Key suppliers continue to commission the building of new mines in 2015 and 2016 to increase production by 2017. Since world supply of iron ore is heavily dependent on these key suppliers, disruption in supply in any one of these suppliers will impact global iron ore prices.

Iron Ore Prices

Before 2008, global iron ore prices were negotiated by the key suppliers mentioned above with their major traders for one-year contract periods. In 2010, VALE changed the annual pricing mechanism to adopt an index-based method for quarterly pricing, which gradually transformed to the monthly pricing mechanism commonly adopted today. The major reference for pricing adopted by mining companies is the Platts Index.

As a raw material for iron and steel production, iron ore prices are affected by the cost of mining the raw material (such as equipment cost, labour cost, cost of water, electricity and/or freight). Since iron ore is an international bulk commodity, its price is also influenced by policy factors, such as import and export duties. Productivity and output fluctuations, inventory changes, changes in downstream demands and macroeconomic and financial conditions (such as exchange rates) also influence market prices of iron ore.

By the end of October 2018, the spot price of iron ore was RMB 605 per ton, which went up by 9.8% from the beginning of 2018. Compared with 2017, the spot price of iron ore did not fluctuate much in 2018, with the annual price fluctuation of 30.39%, and the annualised daily volatility of 17.35%.

Chart 5: Trends of Iron Ore Spot Prices in 2017 and 2018

Source: DCE

Iron Ore Futures and Financial Market

Market participants not only buy and sell physical quantities of iron ore, but also trade contracts for the future delivery of iron ore and other commodity derivatives. One of the roles of futures markets is price discovery, and as such, these markets play a role in influencing iron ore prices.

Iron ore market trading activity involves a range of participants with varying motivations, even within individual participants. Some, such as iron ore producers, have a significant commercial exposure to changes in the price of iron ore, and may seek to hedge their risk by buying and selling iron ore derivatives. For example, an iron ore producer may want to enter into iron ore futures and swaps to secure long term fixed sales price to lock in revenue and to hedge against iron ore price drops

Banks, hedge funds, commodity trading advisors, and other money managers who often do not have interests in trading physical iron ore are also active in the market for iron ore derivatives to try to profit from changes in prices. In recent years, investors have also shown interest in adding commodities as alternatives to equity and bond investments to diversify their portfolios or to hedge inflation risks.

Banks, hedge funds and other “non-commercial” investors can add liquidity to futures and derivative markets by taking the other side of transactions with commercial participants. On the other hand, concerns have been raised that non-commercial commodity trading and investment may amplify price movements, particularly at times when momentum is running strongly in a particular direction.

In addition to iron ore futures on the DCE, which is discussed below, Singapore Exchange Limited (SGX), Chicago Mercantile Exchange (CME) and HKEX also trade iron ore derivatives, which are based on the Platts 62% CRF index with cash delivery implemented.

DCE Iron Ore Futures Contracts

In 2013, the DCE launched iron ore futures with 62% iron content as the quality requirement of the standard for the traded product, with physical delivery implemented.

DCE Iron Ore Futures Contracts have the following characteristics:

(a) The trading unit of DCE Iron Ore Futures Contracts is in increments of 100 metric tons per lot. The daily price limit is currently 10% of the last settlement price.

(b) DCE Iron Ore Futures Contracts are monthly contracts. There are 12 contracts per year.

(c) Market participants can trade DCE Iron Ore Futures Contracts on the DCE from Monday to Friday 9:00am to 11:30am and 1:30pm to 3:00pm (Beijing time).

(d) Trading of futures in its delivery month ceases on the 10^{th} trading day. The last delivery day is the 3^{rd} trading day after the last trading day.

(e) The minimum trading margin of DCE Iron Ore Futures Contracts is 5% of the contract value. The margin will increase to 11% of the contract value from the fifteenth trading day of the month immediately preceding the delivery month and thereafter will increase to 20% of the contract value on the first trading day of the delivery month.

(f) When unilateral positions of one DCE Iron Ore Futures Contract are greater than 400,000 lots, the maximum position limit of a single market participant in such contract shall be 10% of the unilateral positions of the contract. When unilateral positions of one DCE Iron Ore Futures Contract are less than 400,000 lots, the maximum position limit of a single market participant in such contract shall be 40,000 lots.

Trading Volume of DCE Iron Ore Futures Contracts

Since its launch in 2013, DCE Iron Ore Futures Contracts have evolved as a highly regarded futures product in Mainland China. Based on Mainland China iron ore spot market, DCE Iron Ore Futures Contracts mimic a 0.98 correlation with the spot market. Hedging efficiency of contracts could be as high as 95%. DCE Iron Ore Futures Contracts are regarded as a reliable hedging instrument for industry participants.

In 2018, the annual trading volume of DCE Iron Ore Futures Contracts is 982 million lots with annual turnover of RMB 52 trillion while its average daily open interest is 5.88 million lots.

Chart 6:

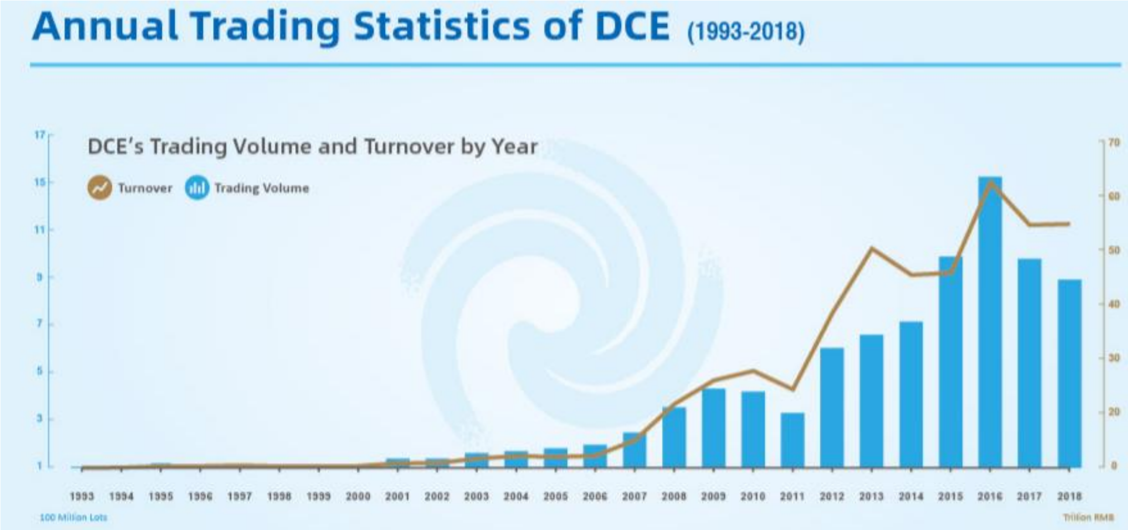
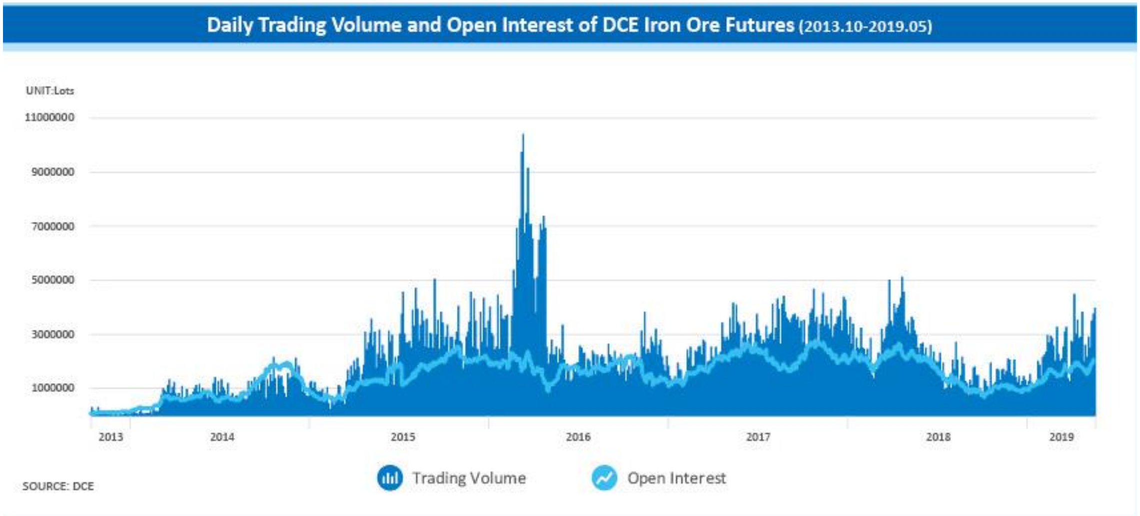


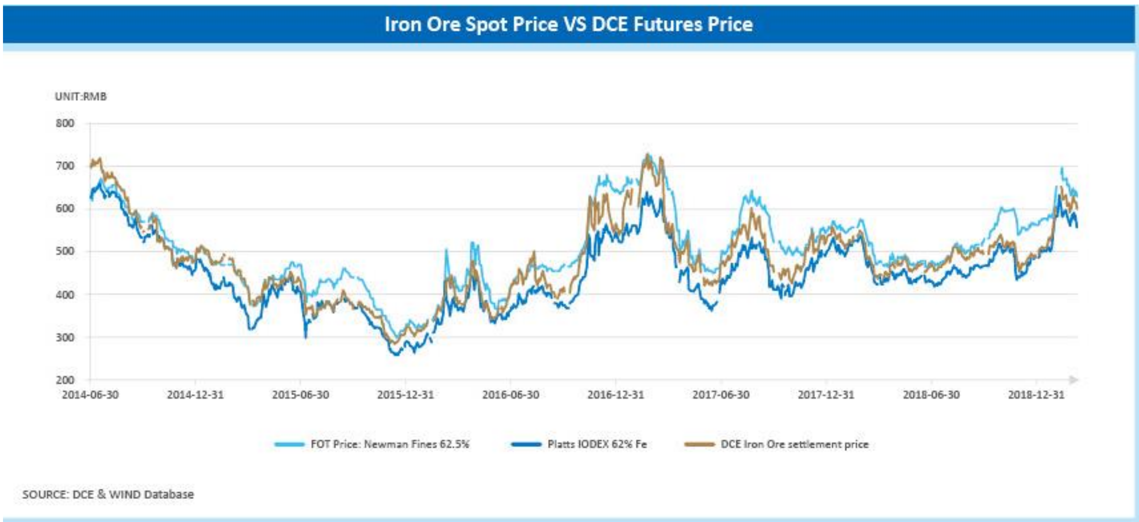
Chart 7:



Correlation with Spot Price

An analysis by Gelin Dahua Futures Co., Ltd of iron ore spot price and DCE Iron Ore Futures Contract price shows that when the market is active, DCE Iron Ore Futures Contracts prices lead iron ore spot prices. DCE Iron Ore Futures Contracts prices lead iron ore spot price's volatility: futures price peaks and troughs, then iron ore spot prices follow the trend set by the price of futures. However, when the market is less active, iron ore spot prices lead the price of the futures market. In terms of price volatility, the volatility of futures price is usually higher than the fluctuation of iron ore spot prices.

Chart 8:



Internationalisation of DCE Futures

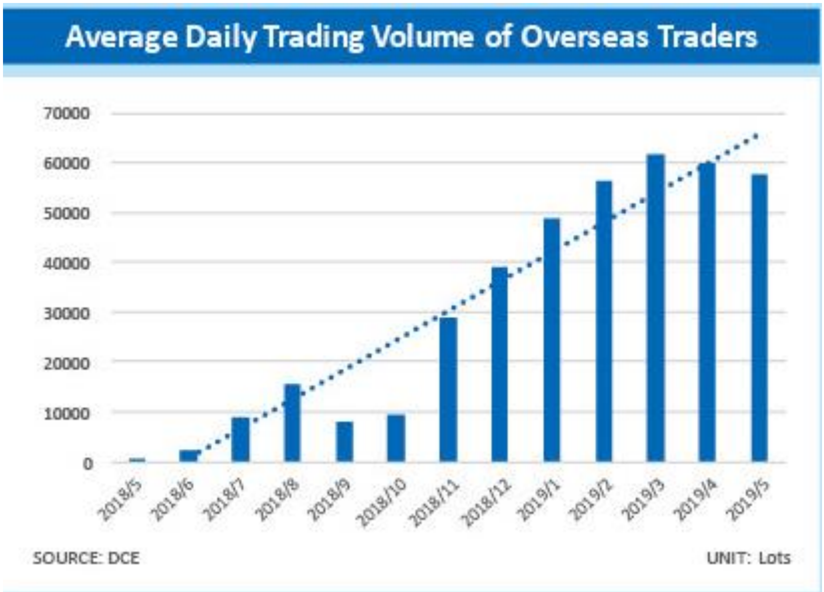
On 4 May 2018, DCE launched a scheme of arrangement (the "**Scheme**") under the regulation of the CSRC, which enables overseas traders and brokers to participate in the trading of Mainland Chinese iron ore futures.

As part of the Scheme, DCE enacted related regulations imposing suitability and threshold requirements on overseas traders. In order to open an account to trade on the DCE, potential participants must satisfy capital, compliance and competency requirements in the trading of futures contracts. Please refer to the section headed "***10. Investment in DCE Iron Ore Futures Contracts – Account Opening***" below for further information on the Scheme, including the arrangement on account opening.

As of 30 June 2019, there were approximately 45 overseas brokers from 6 countries registered with the DCE through 32 domestic futures companies. A total of 134 overseas clients from 13 countries and regions opened accounts and 84 of them participated in the trading of DCE Iron Ore Futures Contracts.

Since overseas trader were granted access to DCE Iron Ore Futures Contracts, trades have steadily increased reaching an average of approximately 60,000 lots per day.

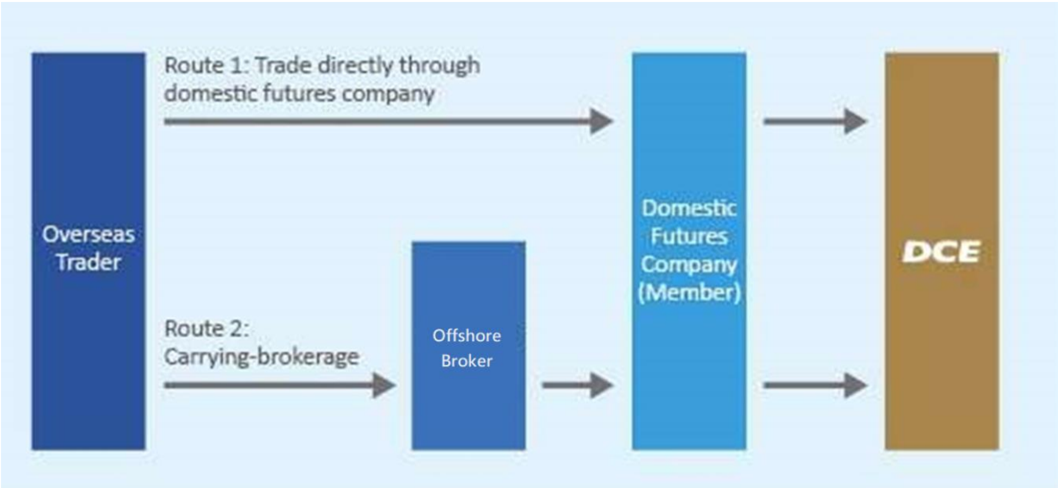
Chart 9:



10. INVESTMENT IN DCE IRON ORE FUTURES CONTRACTS

Iron Ore Futures Market Internationalisation Scheme

There are two routes available for overseas investors to participate in the Scheme, they may: (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 where they can access onshore PRC brokers which are members of the DCE via registered offshore brokers located in Hong Kong or overseas (the "**Indirect Access Route**"). The SSIF DCE Iron Ore Futures Index ETF adopts both (1) the Direct Access Route and (2) the Indirect Access Route.



The CSRC is responsible for supervising and administering the trading of Mainland Chinese futures products by overseas participants. The DCE will be responsible for managing the trading of specified Mainland Chinese futures products and related business activities, whilst industry associations such as the China Futures Association and China Futures Market Monitoring Center Co., Ltd. ("**CFMMC**") will partake in self-disciplinary examination and monitoring of the trading of specified Mainland Chinese futures products.

Please refer to the DCE's website http://www.dce.com.cn/ for further information about the Scheme.

Accounts Opening

To invest in DCE Iron Ore Futures Contracts through the Scheme, the following accounts are maintained:

Direct Access Route

(a) Futures account: A futures trading account has been opened through each of the PRC Brokers (Direct Access Route), who, on behalf of the SSIF DCE Iron Ore Futures Index ETF has obtained a trading code with DCE ("**Trading Code**") for the SSIF DCE Iron Ore Futures Index ETF for the trading of DCE Iron Ore Futures Contracts through the Scheme ("**Direct Futures Account**").

(b) Capital account: Each of the PRC Brokers (Direct Access Route) maintains on its ledger a capital account ("**Direct Capital Account**") for the SSIF DCE Iron Ore Futures Index ETF in accordance with all applicable laws, rules and regulations of the PRC, for keeping entries relating to the SSIF DCE Iron Ore Futures Index ETF's margin.

(c) Margin account: Each of the PRC Brokers (Direct Access Route) maintains a margin account in RMB and a margin account in USD with the Designated Depository Bank (Direct Access Route) in the name of the relevant PRC Broker (Direct Access Route) for the collection of margin and settlement of futures trades (collectively, "**Direct Margin Accounts**").

(d) Settlement account: A non-resident bank account ("**Direct Settlement Account**") has been opened by the Manager with the Designated Depository Bank (Direct Access Route) in the name of the SSIF DCE Iron Ore Futures Index ETF which is a transition account between the Direct Margin Account of each of the PRC Brokers (Direct Access Route) and the SSIF DCE Iron Ore Futures Index ETF's overseas bank account. The Direct Settlement Account is used for handling the collection, payment and exchange of funds including trade margin and other cash related to futures trading.

Under the Direct Access Route, all of the Direct Futures Account, Direct Capital Account, Direct Margin Accounts and Direct Settlement Account are maintained in Mainland China.

Indirect Access Route

(a) Offshore settlement account: An offshore settlement account in the name of the SSIF DCE Iron Ore Futures Index ETF is maintained by each of the Offshore Brokers (Indirect Access Route).

(b) Futures account: The futures trading account is opened through the relevant PRC Brokers (Indirect Access Route) with whom the Offshore Brokers (Indirect Access Route) have an inter-broker arrangement, and each of the Offshore Brokers, with the assistance of the PRC Brokers (Indirect Access Route) has obtained the Trading Code for the SSIF DCE Iron Ore Futures Index ETF for the trading of DCE Iron Ore Futures Contracts ("**Indirect Futures Account**").

(c) Capital account: Each of the PRC Brokers (Indirect Access Route) maintains on its ledger a capital account ("**Indirect Broker Capital Account**") in accordance with all applicable laws, rules and regulations of the PRC, for keeping entries at the level of the relevant Offshore Broker (Indirect Access Route). Each of the Offshore Brokers (Indirect Access Route) in turn maintains on its ledger a capital account ("**Indirect Sub-Fund Capital Account**") for keeping entries relating to the SSIF DCE Iron Ore Futures Index ETF's margin.

(d) Margin account: Each of the PRC Brokers (Indirect Access Route) maintains a margin account in RMB and a margin account in USD with the Depository Bank (Indirect Access Route) in the name of the relevant PRC Broker (Indirect Access Route) for the collection of margin and settlement of futures trades (collectively, "**Indirect Margin Accounts**").

(e) Onshore settlement account: A non-resident bank account ("**Indirect Settlement Account**") has been opened with the Depository Bank (Indirect Access Route) of the PRC Broker (Indirect Access Route) in the name of each Offshore Broker (Indirect Access Route) which is a transition account between each of the Indirect Margin Accounts and the SSIF DCE Iron Ore Futures Index ETF's offshore settlement account in the name of SSIF DCE Iron Ore Futures Index ETF. The Indirect Settlement Account is used for handling the collection, payment and exchange of funds including trade margin and other cash related to futures trading.

Under the Indirect Access Route, the Indirect Futures Account and Indirect Margin Accounts are maintained in Mainland China. While each of the PRC Brokers (Indirect Access Route) maintains on its ledger entries for the relevant Offshore Broker (Indirect Access Route), each of the Offshore Brokers (Indirect Access Route) in turn maintains an Indirect Sub-Fund Capital Account relating to the SSIF DCE Iron Ore Futures Index ETF's margin offshore. Similarly, in respect of the onshore Indirect Settlement Account, while a non-resident bank account has been opened with the Depository Bank (Indirect Access Route) of the PRC Broker (Indirect Access Route) in the name of each Offshore Broker (Indirect Access Route), the relevant Offshore Broker (Indirect Access Route) maintains an offshore settlement account in the name of the SSIF DCE Iron Ore Futures Index ETF offshore.

Investment Process

The core clearing model of the Scheme is settled in RMB. However, in order to adapt to international trading practices, foreign investors (including the SSIF DCE Iron Ore Futures Index ETF) are permitted to trade in DCE Iron Ore Futures Contracts in USD margin. Initially, overseas investors (including the SSIF DCE Iron Ore Futures Index ETF) can only settle DCE Iron Ore Futures Contracts through DCE members.

In order to trade DCE Iron Ore Futures Contracts, for Direct Access Route, the Direct Settlement Account has been opened in USD and RMB with the Designated Depository Bank (Direct Access Route). For Indirect Access Route, the onshore Indirect Settlement Account will be opened in USD and RMB with the Depository Bank (Indirect Access Route) of the PRC Brokers (Indirect Access Route) and offshore settlement account will be opened with the Offshore Brokers (Indirect Access Route) in the name of the SSIF DCE Iron Ore Futures Index ETF. The Manager can transfer funds into the Direct Margin Accounts or the Indirect Margin Accounts, as the case may be, via the online remittance system directly to the PRC Brokers (Direct Access Route) or to the PRC Brokers (Indirect Access Route) via the Offshore Brokers (Indirect Access Route).

At the outset of the Scheme, only USD is accepted as cash margin collateral whilst standard warehouse bills is the only accepted non-cash margin collateral. In the future, the DCE will gradually accept RMB, foreign currencies, listed government bonds and other securities approved by the CSRC as margin of DCE Iron Ore Futures Contracts.

When the SSIF DCE Iron Ore Futures Index ETF deposits USD margin into the Direct Margin Accounts or the Indirect Margin Accounts, as the case may be, the USD deposit is converted into RMB and serves as margin quota at a real time basis. The PRC Brokers (Direct Access Route or Indirect Access Route, as the case may be) are responsible for calculating the RMB margin quota. The margin quota formula is CNY intermediate price of previous trading day multiplied by a discount rate, which currently is 0.95.

When market closes at 3:00 p.m. and after the final trade data for initial settlement is received from DCE, the PRC Brokers (Direct Access Route or Indirect Access Route, as the case may be) will determine the amount of foreign exchange settlement according to the SSIF DCE Iron Ore Futures Index ETF's actual trades. The settlement will be completed on the same day. As such, the margin will only be deposited in the Direct Margin Accounts or the Indirect Margin Accounts, as the case may be, within the trade day before it is transferred to the DCE's settlement account.

The PRC Brokers (Direct Access Route) or the Offshore Brokers (Indirect Access Route) will also send records of confirmed trades to the Manager who will transfer such confirmations to the fund administrator in order to calculate the NAV and for book-keeping.

Parties

Direct Access Route

Designated Depository Bank (Direct Access Route)

The Designated Depository Bank (Direct Access Route) of the SSIF DCE Iron Ore Futures Index ETF under the Direct Access Route is HSBC Bank (China) Company Limited. Appointment of the Designated Depository Bank (Direct Access Route) is subject to the prior approval of the Trustee. Currently, in relation to the Direct Access Route only, HSBC (China) Company Limited is appointed by Trustee as the Designated Depository Bank (Direct Access Route) and is a Correspondent in respect of the SSIF DCE Iron Ore Futures Index ETF.

PRC Brokers (Direct Access Route)

Gelin Dahua Futures Co., Ltd (“**Gelin Dahua**”), Citic Futures Co., Ltd. (“**Citic Futures**”) and China Futures Co., Ltd. (“**China Futures**”) are appointed as the PRC Brokers (Direct Access Route) under the Direct Access Route of the SSIF DCE Iron Ore Futures Index ETF.

Gelin Dahua is a professional futures broker licensed by the CSRC established on 28 February 1993 is one of the earliest futures brokerages in Mainland China. Gelin Dahua is wholly owned by Shanxi Securities Co Ltd and is headquartered in Beijing, PRC.

Citic Futures is a professional futures broker licensed by the CSRC established on 30 March 1993 is one of the earliest futures brokerages in Mainland China. Citic Futures is wholly owned by Citic Securities Co Ltd and is headquartered in Shenzhen, PRC.

China Futures is a professional futures broker licensed by the CSRC established on 16 March 1993 is one of the earliest futures brokerages in Mainland China. China Futures is wholly owned by China Securities Co Ltd and is headquartered in Chongqing, PRC.

Indirect Access Route

Depository Bank (Indirect Access Route)

Under the Indirect Access Route, the Depository Bank (Indirect Access Route) of the PRC Brokers (Indirect Access Route) is Bank of China, Shanghai Branch.

Offshore Brokers (Indirect Access Route)

The Manager has appointed Goldman Sachs International (“**Goldman Sachs**”) and CSC Futures (HK) Limited (“**CSC Futures**”) as the Offshore Brokers (Indirect Access Route) under the Indirect Access Route of the SSIF DCE Iron Ore Futures Index ETF.

Goldman Sachs is a subsidiary of the Goldman Sachs Group, Inc., which is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in all major financial centers around the world.

CSC Futures was set up in 1998. In response to the futures market development and to meet the need from clients with different types of investment attributes, the company focuses on the development of new program trade, electronic trading systems, and new futures and options products to actively promote the service quality of the futures brokerage business. Meanwhile, CSC Futures has demonstrated a strong business capability by being merged into Capital Futures Corporation Taiwan (TWSE: 6024). At this moment, CSC Futures is servicing global clients in Hong Kong.

PRC Brokers (Indirect Access Route)

Goldman Sachs and CSC Futures have an inter-broker arrangement with members of the DCE, namely, Qian Kun Futures Co. Ltd and BOC International Futures Limited, respectively, as the PRC Brokers (Indirect Access Route) which enable the SSIF DCE Iron Ore Futures Index ETF to trade the DCE Iron Ore Futures Contracts under the Scheme.

Trade and Cash Flow

The PRC Brokers (Direct Access Route and Indirect Access Route) are mainly engaged in the business of commodity futures brokerage, financial futures brokerage, futures investment consulting and asset management. They are qualified trading and settlement members in all five of the main futures exchanges in Mainland China.

As members of the DCE, each of the PRC Brokers (Direct Access Route) or each of the Offshore Brokers (with the assistance of the PRC Brokers under the Indirect Access Route) of the SSIF DCE Iron Ore Futures Index ETF respectively has obtained the Trading Code with

DCE for the SSIF DCE Iron Ore Futures Index ETF enabling it to trade in DCE Iron Ore Futures Contracts under the Scheme. The PRC Brokers (Direct Access Route and Indirect Access Route) provide trading system connection service and trade confirmation and settlement service for the Trust and the SSIF DCE Iron Ore Futures Index ETF. Specifically, the system connection service provided by each of the PRC Brokers (Direct Access Route and Indirect Access Route) includes:

(a) connection between its direct market access system, to implement a special data interface to connect to the trading platform of the Manager (under the Direct Access Route) or the Offshore Brokers (Indirect Access Route), as the case may be, and a direct line link from offshore to the server in Mainland China and from the core computer mainframe to the DCE; and
(b) each of the PRC Brokers (Direct Access Route and Indirect Access Route) links the trading platform interface between Mainland China and offshore in order to receive and monitor the trade orders of DCE Iron Ore Futures Contracts on a real time basis.

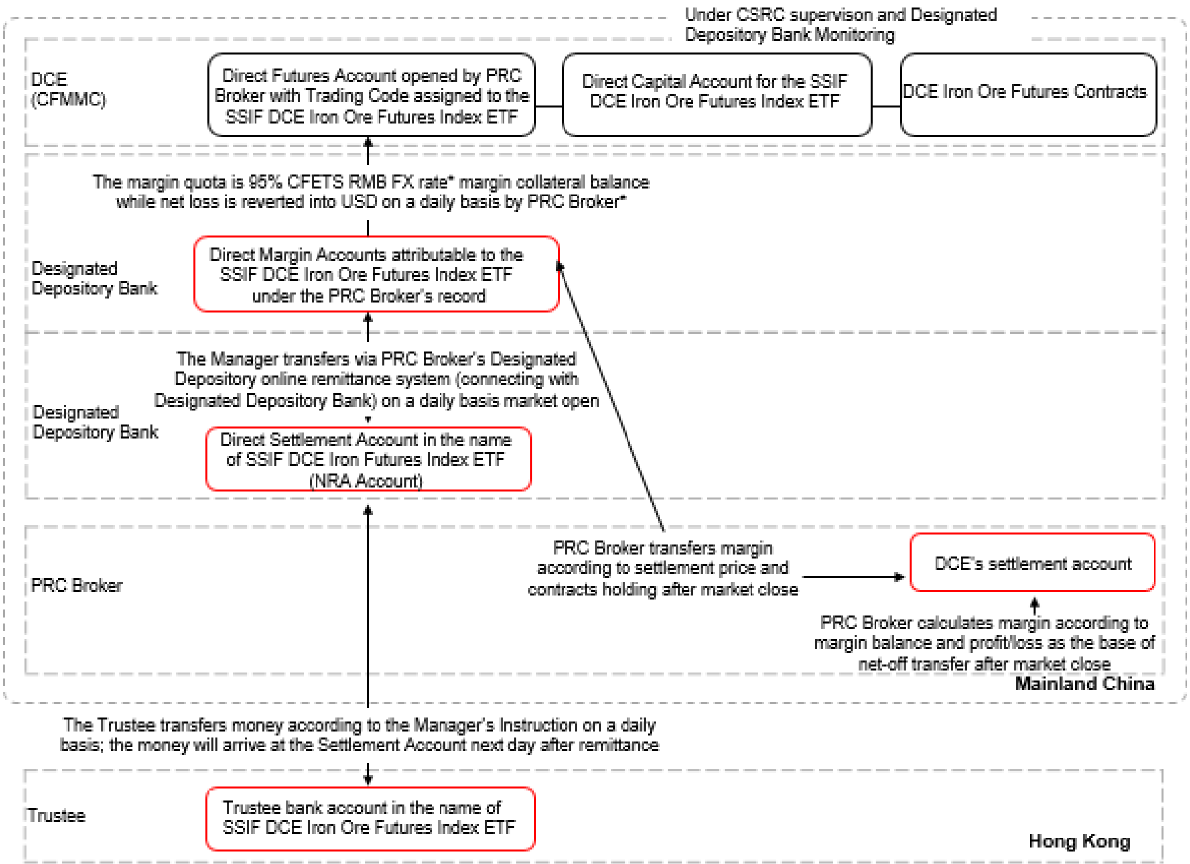
In terms of trade flow, the Manager will send trade orders via the trade platform terminal directly to the server of the relevant PRC Broker (Direct Access Route) or will send the trade orders to the PRC Brokers (Indirect Access Route) via the Offshore Brokers (Indirect Access Route). After confirming that sufficient margin has been deposited into the account of the relevant PRC Broker (Direct Access Route or Indirect Access Route, as the case may be), the relevant PRC Broker (Direct Access Route or Indirect Access Route, as the case may be) will pass the order through direct link to DCE. Trade execution will be processed real time via direct link and the trade platform terminal.

In terms of cash flow and cash position allocation, the Manager sends instructions for cash remittance to the Trustee to allocate cash from the account of the SSIF DCE Iron Ore Futures Index ETF in Hong Kong to the onshore Direct Settlement Account or Indirect Settlement Account (as the case may be) on a T basis. Then, via the online remittance system on a real time basis, the deposit in the onshore Direct Settlement Account or Indirect Settlement Account (as the case may be) will transferred to the Direct Margin Accounts or the Indirect Margin Accounts (as the case may be) as margin collateral.

Diagrammatic Illustration

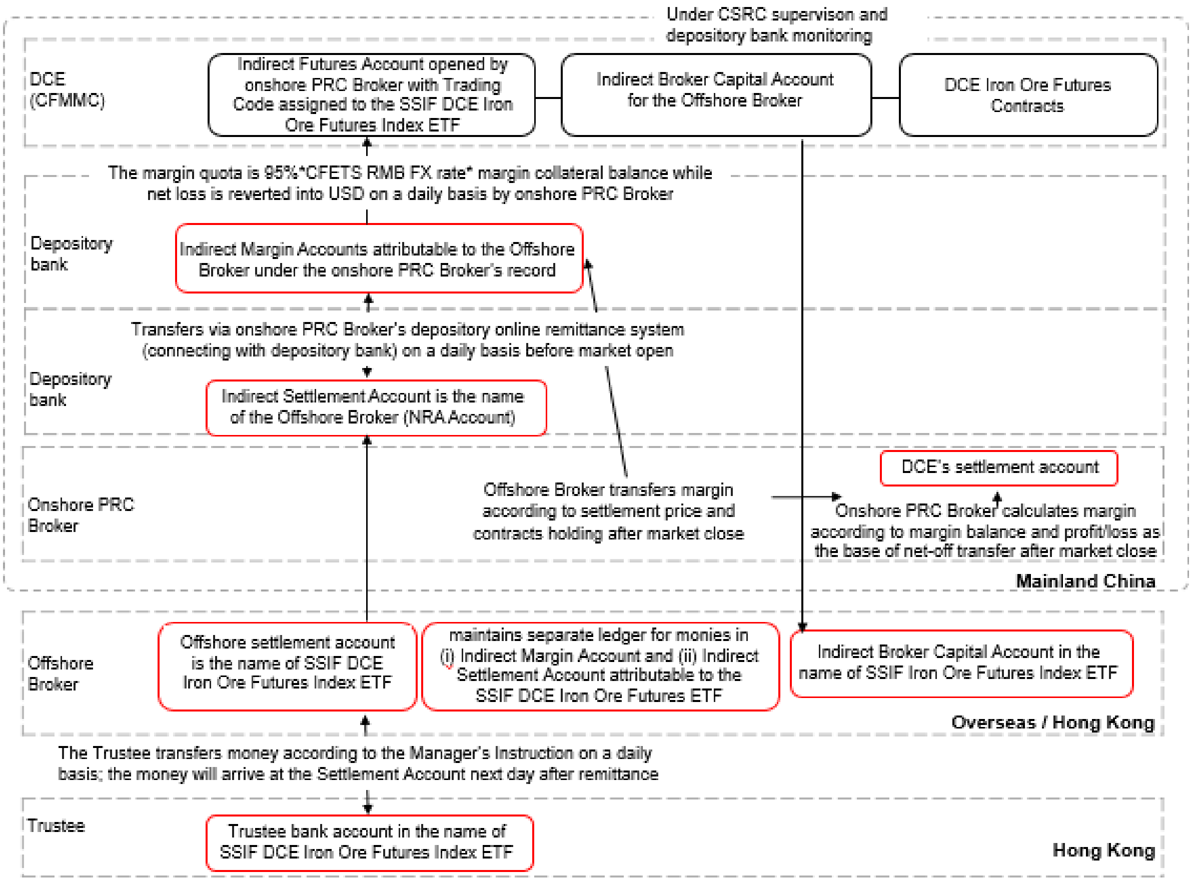
The accounts structure and the investment process is illustrated in the following diagrams:

Direct Access Route



*For profit, it will be transferred to the SSIF DCE Iron Ore Futures Index ETF's account when the Manager withdraws the profit.

Indirect Access Route



11. CUSTODY ARRANGEMENT

The Manager has obtained legal opinion from PRC counsel to the effect that, as a matter of PRC law:

Direct Access Route

(i) The Direct Futures Account has been opened with each of the PRC Brokers (Direct Access Route) and a Trading Code has been assigned by the DCE to the SSIF DCE Iron Ore Futures Index ETF for the sole benefit and use of the SSIF DCE Iron Ore Futures Index ETF in accordance with all applicable laws, rules and regulations of the PRC, based on the approval of, or completion of relevant procedures with, all competent authorities in the PRC;

(ii) Each of the PRC Brokers (Direct Access Route) has maintained on its ledger a Direct Capital Account for the SSIF DCE Iron Ore Futures Index ETF in accordance with all applicable laws, rules and regulation of the PRC;

(iii) A dedicated USD Direct Settlement Account has been opened with the Designated Depository Bank (Direct Access Route) in the name of the SSIF DCE Iron Ore Futures Index ETF for the sole benefit and use of SSIF DCE Iron Ore Futures Index ETF in accordance with applicable laws, rules and regulations of the PRC, based on the approval of, or completion of relevant procedures with, all competent authorities in the PRC;

(iv) Each of the PRC Brokers (Direct Access Route) maintains a Direct Margin Account in RMB and a Direct Margin Account in USD with the Designated Depository Bank (Direct

Access Route) in the name of the relevant PRC Broker (Direct Access Route). Under the Direct Access Route, the margin balance of the SSIF DCE Iron Ore Futures Index ETF is maintained under the Direct Capital Account in the name of the SSIF DCE Iron Ore Futures Index ETF under the record of the relevant PRC Broker (Direct Access Route);

(v) The assets, including (a) open interest held in the Direct Futures Account and (b) monies credited in the SSIF DCE Iron Ore Futures Index ETF's Direct Capital Account, (i) belong solely to the SSIF DCE Iron Ore Futures Index ETF, and (ii) are segregated and independent from the proprietary assets of the Manager and the PRC Brokers (Direct Access Route), and from the assets of other clients of the Manager and the PRC Brokers (Direct Access Route);

(vi) The monies credited in the Direct Margin Accounts which are attributable to the SSIF DCE Iron Ore Futures Index ETF based on the margin balance in the Direct Capital Account maintained in the name of the SSIF DCE Iron Ore Futures Index ETF under the record of the PRC Brokers (Direct Access Route) (i) become an unsecured debt owing from the Designated Depository Bank (Direct Access Route) to the SSIF DCE Iron Ore Futures Index ETF, through the relevant PRC Broker (Direct Access Route) who holds the Direct Margin Accounts on behalf and for the benefit of its clients (including, amongst others, the SSIF DCE Iron Ore Futures Index ETF) in its own name, and (ii) are segregated and independent from the proprietary assets of the Manager, the PRC Brokers (Direct Access Route) and the Designated Depository Bank (Direct Access Route), and from the assets of other clients of the Manager, the Designated Depository Bank (Direct Access Route) and the PRC Brokers (Direct Access Route);

(vii) The monies in the Direct Settlement Account (i) become an unsecured debt owing from the Designated Depository Bank (Direct Access Route) to the SSIF DCE Iron Ore Futures Index ETF, and (ii) are segregated and independent from the proprietary assets of the Manager, the PRC Broker (Direct Access Route) and the Designated Depository Bank (Direct Access Route) and from the other clients of the Manager, the PRC Broker (Direct Access Route) and the Designated Depository Bank (Direct Access Route);

(viii) Under the Direct Access Route, the Trustee, for and on behalf of the SSIF DCE Iron Ore Futures Index ETF, is the only entity which has a valid claim of ownership over the assets held/credited in the Direct Futures Account and the Direct Settlement Account of the SSIF DCE Iron Ore Futures Index ETF. Under the Direct Access Route, the Trustee, for and on behalf of the SSIF DCE Iron Ore Futures Index ETF, is the only entity which has a valid claim of ownership over the assets under the Direct Margin Accounts which are attributable to the SSIF DCE Iron Ore Futures Index ETF as reflected in the Direct Capital Account, i.e. the separate ledger maintained by the PRC Brokers (Direct Access Route) for the SSIF DCE Iron Ore Futures Index ETF;

(ix) Under the Direct Access Route, if the Manager is liquidated, the assets contained in the Direct Futures Account, Direct Capital Account, Direct Margin Accounts and Direct Settlement Account will not form part of the liquidation assets of the Manager in liquidation in the PRC;

(x) Under the Direct Access Route, if any of the PRC Brokers (Direct Access Route) is liquidated, the assets contained in the Direct Futures Account, Direct Capital Account, Direct Margin Accounts and Direct Settlement Account will not form part of the liquidation assets of the relevant PRC Broker (Direct Access Route) in liquidation in the PRC;

(xi) Under the Direct Access Route, if the Designated Depository Bank (Direct Access Route) is liquidated, the assets contained in the Direct Margin Accounts and the Direct Settlement Account of the SSIF DCE Iron Ore Futures Index ETF might form part of the liquidation assets of the Designated Depository Bank (Direct Access Route) in liquidation in the PRC and SSIF DCE Iron Ore Futures Index ETF will become an unsecured creditor for the amount deposited in the Direct Margin Accounts which is attributable to SSIF DCE Iron Ore Futures Index ETF based on the margin balance in the Direct Capital Account (in which case the relevant claim shall be made through the relevant PRC Broker (Direct Access Route)) and the amount deposited in the onshore Direct Settlement Account.

Indirect Access Route

(i) The Indirect Futures Account has been opened with each of the PRC Brokers (Indirect Access Route) and a Trading Code has been assigned by the DCE to the SSIF DCE Iron Ore Futures Index ETF for the sole benefit and use of the SSIF DCE Iron Ore Futures Index ETF in accordance with all applicable laws, rules and regulations of the PRC, based on the approval of, or completion of relevant procedures with, all competent authorities in the PRC;

(ii) Each of the PRC Brokers (Indirect Access Route) has maintained on its ledger an Indirect Broker Capital Account for the relevant Offshore Broker (Indirect Access Route) in accordance with all applicable laws, rules and regulation of the PRC*;

(iii) A dedicated USD Indirect Settlement Account has been opened with the relevant depository bank of the PRC Broker (Indirect Access Route) in the name of each Offshore Broker (Indirect Access Route) in accordance with applicable laws, rules and regulations of the PRC, based on the approval of, or completion of relevant procedures with, all competent authorities in the PRC*;

(iv) Each of the PRC Brokers (Indirect Access Route) maintains an Indirect Margin Account in RMB and an Indirect Margin Account in USD with a depository bank in the name of the relevant PRC Broker (Indirect Access Route)*;

(v) The open interest held in the Indirect Futures Account (i) belongs solely to the SSIF DCE Iron Ore Futures Index ETF, and (ii) is segregated and independent from the proprietary assets of the Manager, the PRC Brokers (Indirect Access Route) and the Offshore Brokers (Indirect Access Route), and from the assets of other clients of the Manager, the PRC Brokers (Indirect Access Route) and the Offshore Brokers (Indirect Access Route);

(vi) The monies credited in the Indirect Broker Capital Account (i) become an unsecured debt owing from the depository bank to the relevant Offshore Broker (Indirect Access Route), through the relevant PRC Broker (Indirect Access Route) who holds the Indirect Margin Accounts on behalf and for the benefit of its clients (including, amongst others, the Offshore Broker (Indirect Access Route)) in its own name, and (ii) are segregated and independent from the proprietary assets of the Manager, the PRC Brokers (Indirect Access Route), the Offshore Brokers (Indirect Access Route) and the depository bank, and from the assets of other clients of the Manager, the PRC Brokers (Indirect Access Route), the Offshore Brokers (Indirect Access Route) and the depository bank;

(vii) The monies credited in the Indirect Margin Accounts which are attributable to the relevant Offshore Broker (Indirect Access Route) based on the margin balance in the Indirect Broker Capital Account maintained in the name of the Offshore Broker (Indirect Access Route) under the record of the PRC Brokers (Indirect Access Route) (i) become an unsecured debt owing from the depository bank to the Offshore Broker (Indirect Access Route), through the relevant PRC Broker (Indirect Access Route) who holds the Indirect Margin Accounts on behalf and for the benefit of its clients (including, amongst others, the Offshore Broker (Indirect Access Route)) in its own name, and (ii) are segregated and independent from the proprietary assets of the Manager, the PRC Brokers (Indirect Access Route), the Offshore Brokers (Indirect Access Route) and the depository bank, and from the assets of other clients of the Manager, the PRC Brokers (Indirect Access Route), the Offshore Brokers (Indirect Access Route) and the depository bank;

(viii) The monies in the Indirect Settlement Account (i) become an unsecured debt owing from the depository bank to the relevant Offshore Broker (Indirect Access Route), and (ii) are segregated and independent from the proprietary assets of the Manager, the PRC Brokers (Indirect Access Route), the Offshore Brokers (Indirect Access Route) and the depository bank and from the other clients of the Manager, the PRC Brokers (Indirect Access Route), the Offshore Brokers (Indirect Access Route) and the depository bank;

(ix) Under the Indirect Access Route, the Trustee, for and on behalf of the SSIF DCE Iron Ore Futures Index ETF, is the only entity which has a valid claim of ownership over the assets held/credited in the Indirect Futures Account of the SSIF DCE Iron Ore Futures Index ETF;

(x) Under the Indirect Access Route, the Trustee, for and on behalf of the SSIF DCE Iron Ore Futures Index ETF, is the only entity which has a valid claim of ownership over the assets under the Indirect Margin Accounts which are attributable to the SSIF DCE Iron Ore Futures Index ETF, as reflected in the Indirect Sub-Fund Capital Account, i.e. the separate ledger maintained by the Offshore Brokers (Indirect Access Route) for the SSIF DCE Iron Ore Futures Index ETF;

(xi) Under the Indirect Access Route, the Trustee, for and on behalf of the SSIF DCE Iron Ore Futures Index ETF, is the only entity which has a valid claim of ownership over the assets under the Indirect Settlement Account which are attributable to the SSIF DCE Iron Ore Futures Index ETF based on the separate ledger maintained by the Offshore Brokers (Indirect Access Route) for the SSIF DCE Iron Ore Futures Index ETF;

(xii) Under the Indirect Access Route, if the Manager is liquidated, the assets contained in the Indirect Futures Account, Indirect Broker Capital Account, Indirect Margin Accounts and Indirect Settlement Account will not form part of the liquidation assets of the Manager in liquidation in the PRC;

(xiii) Under the Indirect Access Route, if any of the PRC Brokers (Indirect Access Route) is liquidated, the assets contained in the Indirect Futures Account, Indirect Broker Capital Account, Indirect Margin Accounts and Indirect Settlement Account will not form part of the liquidation assets of the relevant PRC Broker (Indirect Access Route) in liquidation in the PRC;

(xiv) Under the Indirect Access Route, if the depository bank is liquidated, the assets contained in the Indirect Margin Accounts and the assets contained in the Indirect Settlement Account might form part of the liquidation assets of the depository bank in liquidation in the PRC and SSIF DCE Iron Ore Futures Index ETF (through the Offshore Broker (Indirect Access Route)) will become an unsecured creditor for the amount deposited in the Indirect Margin Accounts and the onshore Indirect Settlement Account (in which case the relevant claim shall be made through the relevant Offshore Broker (Indirect Access Route).

** Under the Indirect Access Route:*

(i) the margin balance of the SSIF DCE Iron Ore Futures Index ETF is maintained under the Indirect Sub-Fund Capital Account in the name of the SSIF DCE Iron Ore Futures Index ETF under the record of the relevant Offshore Broker (Indirect Access Route). Each of the Offshore Brokers (Indirect Access Route) maintains an Indirect Sub-Fund Capital Account relating to the SSIF DCE Iron Ore Futures Index ETF's margin offshore; and
(ii) the relevant Offshore Broker (Indirect Access Route) maintains an offshore settlement account in the name of the SSIF DCE Iron Ore Futures Index ETF.

Although the Indirect Broker Capital Account and Indirect Settlement Account are at the level of the relevant Offshore Broker (Indirect Access Route), the relevant Offshore Broker (Indirect Access Route) is required to maintain the Indirect Sub-Fund Capital Account and offshore settlement account in respect of the SSIF DCE Iron Ore Futures Index ETF.

Investors should also consider the specific risks associated with the ownership and custody of PRC assets under the section headed "**12.6 Ownership and custody of PRC assets risk**" in this Appendix. The Trustee has put in place proper arrangements to ensure that:

(i) for the Direct Access Route:

(a) the Trustee takes into its custody or under its control the assets of the SSIF DCE Iron Ore Futures Index ETF in the onshore Direct Settlement Account maintained by the Designated Depository Bank (Direct Access Route) as Correspondent, and holds the same in trust for the Unitholders in accordance with the Trust Deed;

(b) the Trustee shall carry out an oversight of the valuation in respect of the assets in the Direct Futures Account, Direct Margin Accounts and Direct Capital Account. The Trustee will maintain a proper record of assets in these accounts and oversee reconciliation. The Trustee will also perform investment monitoring and take reasonable care to ensure that cash flows in respect of these accounts are monitored; and

(ii) for the Indirect Access Route:

(a) the Trustee will register the assets in the name of the SSIF DCE Iron Ore Futures Index ETF in the offshore settlement account maintained by the Offshore Broker (Indirect Access Route), and holds the same in trust for the Unitholders in accordance with the Trust Deed. For the avoidance of doubt, the depository bank of the relevant PRC Broker (Indirect Access Route) under the Indirect Access Route is not a Correspondent of the Trustee;

(b) the Trustee shall carry out an oversight of the valuation in respect of the assets of the SSIF DCE Iron Ore Futures Index ETF. The Trustee will maintain a proper record of the assets of the SSIF DCE Iron Ore Futures Index ETF. The Trustee will also perform investment monitoring and take reasonable care to ensure that cash flows of the SSIF DCE Iron Ore Futures Index ETF are monitored.

12. RISK FACTORS RELATING TO THE SSIF DCE IRON ORE FUTURES INDEX ETF

In addition to the general risk factors common to all Sub-Funds set out in section "***4. General Risk Factors***" in Part 1 of this Prospectus, investors should also consider the specific risks associated with investing in the SSIF DCE Iron Ore Futures Index ETF including those set out below. The following statements are intended to be summaries of some of those risks. They do not offer advice on the suitability of investing in the SSIF DCE Iron Ore Futures Index ETF. Investors should carefully consider the risk factors described below together with the other relevant information included in this Prospectus before deciding whether to invest in Units of the SSIF DCE Iron Ore Futures Index ETF. The Commission's authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

12.1 Risks relating to commodities market investments

Commodity market specific risks. Several factors may affect the price of commodities such as iron ore and, in turn, Futures Contracts owned by the SSIF DCE Iron Ore Futures Index ETF, including, but not limited to:

(a) Significant increases or decreases in the available supply of a physical commodity due to natural or technological factors. Natural factors would include depletion of known cost-effective sources for a commodity or the impact of severe weather on the ability to produce or distribute the commodity. Technological factors, such as increases in availability created by new or improved extraction, refining and processing equipment and methods or decreases caused by failure or unavailability of major refining and processing equipment (for example, shutting down or constructing iron ore mines), also materially influence the supply of such commodities;

(b) Significant increases or decreases in the demand for a physical commodity due to natural or technological factors. Natural factors would include such events as unusual climatological conditions impacting the demand for commodities. Technological factors may include such developments as substitutes for particular commodities;

(c) A significant change in the attitude of speculators and investors towards a physical commodity. Should the speculative community take a negative or positive view towards any given commodity, it could cause a change in world prices of any given commodity, the price of all securities based upon a benchmark related to that commodity will also be affected;

(d) Large purchases or sales of physical commodities by the official sector. Governments and large institutions have large commodities holdings or may establish major commodities positions. If one or more of these institutions decides or becomes able to buy or sell any such commodity in amounts large enough to cause a change in world prices, the price of Units based upon a benchmark related to that commodity will be affected;

(e) Other political factors in addition to organised political and institutional trading-related activities, peaceful political activity such as imposition of regulations or entry into trade treaties, as well as political disruptions caused by societal breakdown, insurrection and/or war may greatly influence commodities prices;

(f) A significant increase or decrease in commodity hedging activity by commodity producers. Should there be an increase or decrease in the level of hedge activity of commodity producing companies, countries and/or organizations, it could cause a change in world prices of the relevant commodity, causing the price of securities based upon a benchmark related to that commodity to be affected; and

(g) The recent proliferation of commodity-linked, exchange traded products and their unknown effect on the commodity markets.

Iron ore commodity volatility risk. An exchange traded fund such as the SSIF DCE Iron Ore Futures Index ETF which has exposure to the commodities markets such as iron ore may be subject to greater volatility than traditional securities. The value of commodities Futures Contracts may be affected by changes in overall market movements, index volatility, changes in interest rates, or sectors affecting a particular commodity, such as war, embargoes, tariffs and international economic, political and regulatory developments. Under extreme circumstances, the price of iron ore Futures Contracts may drop close to zero within a short period of time. Investors may suffer substantial / total loss by investing in the SSIF DCE Iron Ore Futures Index ETF.

Risk of material non-correlation with spot/current market price of iron ore. The SSIF DCE Iron Ore Futures Index ETF tracks the Underlying Index which is based upon DCE Iron Ore Futures Contracts, i.e. contracts reflecting the price of iron ore at some point in the future as specified in the specific contract. The SSIF DCE Iron Ore Futures Index ETF does not invest in the physical iron ore spot market, and is exposed to the potential risks involved of using Futures Contracts which are speculative in nature.

A Futures Contract is a standardised financial contract where the parties agree to exchange currencies, financial instruments or other physical commodities at a future date at a future price. As a result, a futures market is not a market where the participants can deliver the commodity immediately with current price. A futures market does not involve primary activity and is speculative in nature as deals are struck at future prices where the holder of a Futures Contract is purchasing an obligation to buy or sell an underlying asset, which may not be the best price at the time the contract is completed, depending on what happens in the markets during the intervening period.

By contrast, in a spot market commodities such as iron ore are sold for cash at current prices and delivered immediately. A spot market is a real time market where the contract becomes effective immediately and the purchaser accepts delivery of, or immediately, resells the asset, e.g. iron ore.

Concentration/single commodity risk. The SSIF DCE Iron Ore Futures Index ETF invests in DCE Iron Ore Futures Contracts. The number of commodities represented by such DCE Iron Ore Futures Contracts is only one (i.e. only DCE Iron Ore Futures Contracts). Concentration in a single underlying commodity may result in a greater degree of volatility in a DCE Iron Ore Futures Contract and as result, the Underlying Index as well as the Net Asset Value of the SSIF DCE Iron Ore Futures Index ETF under specific market conditions and over time. As the exposure of the SSIF DCE Iron Ore Futures Index ETF is concentrated in the iron ore market by investing in single DCE Iron Ore Futures Contract; generally, this may result in large concentration risk. The SSIF DCE Iron Ore Futures Index ETF is more susceptible to the effects of iron ore price volatility than more diversified funds and an ETF which holds futures contracts with different expiring months.

Iron ore price risk. The prices of iron ore are primarily affected by the global demand for and supply of iron ore, but are also influenced significantly from time to time by speculative actions and by currency exchange rates. Iron ore prices are generally more volatile and subject to dislocation than prices of other commodities.

Demand for iron ore and steel products by consumers affects the price of iron ore. Potential for substitution in most areas exists, although considerations including relative cost often limit substitution levels. Because the precursors of demand for iron ore products are linked to economic activity, demand will tend to reflect economic conditions. Demand is also influenced by government regulations, such as environmental or consumption policies. In addition to general economic activity and demand, prices for iron ore are affected by political events, labour activity and, in particular, direct government intervention (such as embargos) or supply disruptions in major iron ore producing regions of the world. Such events tend to affect iron ore prices worldwide, regardless of the location of the event, although regional factors may disproportionately impact either DCE Iron Ore Futures Contracts in comparison to iron ore futures generally or to one another.

Supply for iron ore may increase or decrease depending on many factors. These include production decisions by other iron ore producers. In the event of sudden disruptions in the supplies of iron ore, such as those caused by war, natural events, accidents or acts of terrorism, prices of DCE Iron Ore Futures Contracts could become extremely volatile and unpredictable.

Also, sudden and dramatic changes in the futures market may occur, for example, upon a cessation of hostilities that may exist in countries producing iron ore, the introduction of new or previously withheld supplies into the market or the introduction of substitute products or commodities. Iron ore prices may also be affected by short-term changes in supply and demand because of trading activities in the iron ore market and seasonality. It is not possible to predict the aggregate effect of all or any combination of these factors. Iron ore prices may rise or fall significantly over short periods.

Position limits risk. The DCE has stipulated speculative position limits for DCE Iron Ore Futures Contracts. Based on the roll-over schedule, these speculative position limits are not currently expected by the Manager to affect the SSIF DCE Iron Ore Futures Index ETF, although the Manager cannot guarantee that the circumstances (such as rolling schedule, DCE Iron Ore Futures Contracts' expiry dates) will remain unchanged. If the SSIF DCE Iron Ore Futures Index ETF exceeds a speculative position limit, the SSIF DCE Iron Ore Futures Index ETF's ability to seek additional exposure by acquiring further DCE Iron Ore Futures Contracts as a result of new creations of Units could be impaired, the SSIF DCE Iron Ore Futures Index ETF's ability to achieve its investment objective could be affected and, as a result, the Manager could be required to suspend new creations of Units. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. The investment exposure would also deviate from the target exposure which adds tracking error to the SSIF DCE Iron Ore Futures Index ETF. The position limit may have adverse impact to the SSIF DCE Iron Ore Futures Index ETF and may cause substantial loss to the SSIF DCE Iron Ore Futures Index ETF.

Accountability levels risk. The Sub-Fund may be asked by the DCE to provide information relating to the position, including the nature and size of the position, the trading strategy employed with respect to the position, if it exceeds an accountability level. Failure to supply the requested information may result in an order to reduce such positions. Such reduction could potential increase the tracking error of the Sub-Fund.

Regulatory change risk. The regulation of futures contracts, and futures transactions in general, is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any such regulatory changes on the SSIF DCE Iron Ore Futures Index ETF is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the SSIF DCE Iron Ore Futures Index ETF and what can be done, if anything, to try and limit such impact.

Correlation to general financial markets risk. Historically, commodities Futures Contracts' returns have tended to exhibit low to negative correlation with the returns of other assets such as stocks and bonds. Although commodity Futures Contracts trading can provide a diversification benefit to investor portfolios because of its low to negative correlation with other financial assets, the fact that the Underlying Index is not 100% negatively correlated with financial assets such as stocks and bonds means that the SSIF DCE Iron Ore Futures Index ETF cannot be expected to be automatically profitable during unfavourable periods for the stock or bond market, or vice-versa. If the Units perform in a manner that correlates with the general financial markets or do not perform successfully, there will be no diversification benefits for investors by investing in the Units and the Units may produce no gains to offset losses from other investments.

Deviation of Underlying Index and spot price risk. The SSIF DCE Iron Ore Futures Index ETF seeks to track the Underlying Index but neither the SSIF DCE Iron Ore Futures Index ETF nor the Underlying Index is directly linked to the spot price of iron ore. While prices of swaps, Futures Contracts and other derivatives contracts are, as a rule, related to the prices of an underlying physical commodity market, they are not perfectly correlated. It is possible that during certain time periods, Futures Contract prices will cease to track cash market prices and may be substantially lower or higher than physical commodity market prices for the underlying crude oil due to differences in contract terms or as supply, demand or other economic or regulatory factors become more pronounced.

The price of a Futures Contract reflects the expected value of the commodity upon delivery in the future, whereas the spot price of a commodity reflects the immediate delivery value of the commodity. A variety of factors can lead to a disparity between the expected future price of a commodity and the spot price at a given point in time, such as the cost of storing the commodity for the term of the Futures Contract, interest charges incurred to finance the purchase of the commodity and expectations concerning supply and demand for the commodity. The price movements of a Futures Contract are typically correlated with the movements of the spot price of the referenced commodity, but the correlation is generally imperfect and price movements in the spot market may not be reflected in the futures market (and vice versa). Accordingly, the SSIF DCE Iron Ore Futures Index ETF may underperform a similar investment that is linked to the spot price of iron ore.

Trading differences risk. As the DCE may be open when Units in the SSIF DCE Iron Ore Futures Index ETF are not priced, the value of the DCE Iron Ore Futures Contracts in the SSIF DCE Iron Ore Futures Index ETF's portfolio may change substantially when investors will not be able to purchase or sell the SSIF DCE Iron Ore Futures Index ETF's Units. Further the price of DCE Iron Ore Futures Contracts listed on the DCE may not be available during part of or all of the SEHK trading sessions due to trading hour differences which may result in Units of SSIF DCE Iron Ore Futures Index ETF being traded at a premium or discount to its Net Asset Value.

Risks of exchange's clearing house's failure. In the event of the bankruptcy of the exchange's clearing house, the SSIF DCE Iron Ore Futures Index ETF could be exposed to a risk of loss with respect to its assets that are posted as margin. There can be no assurance that the protections against bankruptcy of the clearing house (if any) will be effective in allowing the SSIF DCE Iron Ore Futures Index ETF to recover all, or even any, of the amounts it has deposited as margin.

12.2 Risk relating to Futures Contracts in general

Rolling of Futures Contracts risk. The Underlying Index is calculated with reference to DCE Iron Ore Futures Contracts exposing the SSIF DCE Iron Ore Futures Index ETF and the investors to a liquidity risk linked to DCE Iron Ore Futures Contracts which may affect the value of such DCE Iron Ore Futures Contracts. A "roll" occurs when a new main DCE Iron Ore Futures Contract is determined and is replaced in the Underlying Index with the next main DCE Iron Ore Futures Contract. Where the Underlying Index is calculated with reference to these DCE Iron Ore Futures Contracts, the value of the Underlying Index (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward (due to the increased price of the DCE Iron Ore Futures Contract, i.e. "contango"). The change in price of a DCE Iron Ore Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Contango and backwardation risk. The Underlying Index is composed of DCE Iron Ore Futures Contracts. As and when a new main DCE Iron Ore Futures Contract is determined, it is replaced by the next main DCE Iron Ore Futures Contract which may be at different price. This process is referred to as "rolling". Excluding other considerations, if the market for these Futures Contracts is in "contango", where the prices of the new main Futures Contracts are higher than those of the older main Futures Contracts (which move down over time to converge to the spot price), the sale of the old main Futures Contract would take place at a price that is lower than the price of the new main Futures Contract. Accordingly sale proceeds when rolling (selling and then buying DCE Iron Ore Futures Contracts) will not be sufficient to purchase the same number of DCE Iron Ore Futures Contracts which have a higher price, thereby creating a negative "roll yield" which adversely affects the Net Asset Value. By contrast, if the market for these Futures Contracts is in "backwardation", where the prices of the new main Futures Contracts are lower than those of the older main Futures Contracts, the sale of the old main Futures Contract would take place at a price that is higher than the price of the new main Futures Contract, thereby creating a positive "roll yield". Contango or backwardation could last for an undetermined period of time. Iron ore has at times in the past traded in contango due to material storage costs of iron ore, as well as high demand of iron ore. Because roll yields are considered in the calculation of the Underlying Index, the presence of contango in the commodity markets could result in negative "roll yields", which could adversely affect the level of the Underlying Index, the Net Asset Value and reduce the value of the Unitholders' investment. That said, save for the transaction cost incurred, a "rollover" in itself is not a loss or return-generating event. That is, the Net Asset Value of the

SSIF DCE Iron Ore Futures Index ETF will not suffer an immediate loss or enjoy an immediate gain due to “rollover”. Given that the SSIF DCE Iron Ore Futures Index ETF needs to rollover to the new main DCE Iron Ore Futures Contract for the purpose of replicating the Underlying Index, the roll yield is reflected in the performance of the Underlying Index.

Margin risk. Generally, most leveraged transactions, such as DCE Iron Ore Futures Contracts, involve the posting of margin or collateral. Because of the low margin deposits or collateral normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a DCE Iron Ore Futures Contract may result in a proportionally high impact and substantial losses to the SSIF DCE Iron Ore Futures Index ETF having a material adverse effect on the Net Asset Value of the SSIF DCE Iron Ore Futures Index ETF. Like other leveraged investments, a futures transaction by the SSIF DCE Iron Ore Futures Index ETF may result in losses in excess of the amount invested by the SSIF DCE Iron Ore Futures Index ETF. Additional funds may need to be posted as margin or collateral to meet such calls based upon daily marking to market of futures contracts. Increases in the amount of margin or collateral or similar payments may result in the need for the SSIF DCE Iron Ore Futures Index ETF to liquidate its investments at unfavourable prices in order to meet margin or collateral calls. This may result in substantial losses to Unitholders.

Futures Contracts market risks. Futures Contracts markets, such as that for DCE Iron Ore Futures Contracts, may be uncorrelated to traditional markets (such as equities markets) and are subject to greater risks than other markets. It is a feature of Futures Contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of DCE Iron Ore Futures Contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments. In some cases, far-reaching political changes may result in constitutional and social tensions, instability and reaction against market reforms. There can be no assurance that future political changes will not adversely affect the economic conditions of major iron ore consuming economies. Political or economic instability may affect DCE Iron Ore Futures Contracts, which could adversely impact the value of the Underlying Index and, as a result, the Net Asset Value per Unit.

Risk relating to measures taken by relevant parties. Regarding the SSIF DCE Iron Ore Futures Index ETF’s futures positions, relevant parties (such as clearing brokers, execution brokers, participating dealers and stock exchanges) may impose certain mandatory measures for risk management purpose under extreme market circumstances. These measures may include limiting the size and number of the SSIF DCE Iron Ore Futures Index ETF’s futures positions and/or mandatory liquidation of part or all of the SSIF DCE Iron Ore Futures Index ETF‘s futures positions without advance notice to the Manager. In response to such mandatory measures, the Manager may have to take corresponding actions in the best interest of the SSIF DCE Iron Ore Futures Index ETF’s Unitholders and in accordance with the SSIF DCE Iron Ore Futures Index ETF’s constitutive documents, including suspension of creation of the SSIF DCE Iron Ore Futures Index ETF’s Units and/or secondary market trading, implementing alternative investment and/or hedging strategies and termination of the SSIF DCE Iron Ore Futures Index ETF. These corresponding actions may have an adverse impact on the operation, secondary market trading, index-tracking ability and the Net Asset Value of the SSIF DCE Iron Ore Futures Index ETF. While the Manager will endeavour to provide advance notice to investors regarding these actions to the extent possible, such advance notice may not be possible in some circumstances.

12.3 Dual Counter trading risks

Dual Counter risk. The SEHK’s Dual Counter model is relatively new for exchange traded funds. The Dual Counter arrangement adopted by SSIF DCE Iron Ore Futures

Index ETF may bring additional risks for investment in the SSIF DCE Iron Ore Futures Index ETF and may make such investment riskier than investment in single counter exchange traded funds. For example where for some reason there is a settlement failure on an inter-counter day trade if the Units of one counter are delivered to CCASS at the last settlement on a trading day, there may not be enough time to transfer the Units to the other counter for settlement on the same day.

Moreover, where there is a suspension of the inter-counter transfer of Units between the USD counter and the HKD counter for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant Dual Counter. Accordingly it should be noted that inter-counter transfers may not always be available. Investors are recommended to check the readiness of their brokers / intermediaries in respect of the Dual Counter trading and inter-counter transfer.

Investors without USD accounts may buy and sell HKD traded Units. Such investors will not be able to buy or sell USD traded Units and should note that distributions are made in USD only. As such investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

Inter-counter trading risk. Although an investor may buy from one counter and sell the same on the other counter in the same day, it is possible that some brokers/intermediaries and CCASS Participants may not be familiar with and may not be able to (i) buy Units in one counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade units in both USD counter and HKD counter at the same time. In such case (i) to (iii), another broker, intermediary or CCASS Participant may need to be used. This may inhibit or delay dealing in both USD traded Units and HKD traded Units and may mean investors may only be able to trade their Units in one currency. Investors are recommended to check the readiness of their brokers / intermediaries in respect of the Dual Counter trading and inter-counter transfers.

Investors should therefore consult their brokers/intermediaries on the services that the brokers/intermediaries may provide in this regard along with the associated risks and fees. In particular, some brokers/intermediaries may not have in place systems and controls to facilitate inter-counter trading and/or inter-counter day trades.

Difference in trading prices risk. There is a risk that due to different factors such as market liquidity, market supply and demand in the respective counters and the exchange rate between USD and HKD, the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in USD. The trading price of USD traded Units or HKD traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in USD if the trade of the relevant Units is in USD and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Currency exchange risk. Assets of the SSIF DCE Iron Ore Futures Index ETF may be denominated in currencies other than USD and the underlying DCE Iron Ore Futures Contracts are denominated in RMB, whilst the SSIF DCE Iron Ore Futures Index ETF is denominated in USD. The SSIF DCE Iron Ore Futures Index ETF is subject to transaction costs in the exchange of such other currencies to USD. The performance and the Net Asset Value of the SSIF Iron Ore Futures Index ETF may therefore be affected unfavourably by movements in the exchange rate between USD and such other currencies and changes in exchange rate control policies.

USD distributions risk. Investors should note that all Units will receive distribution in USD only. Where a Unitholder holds Units traded under the HKD counter, the relevant Unitholder will only receive distributions in USD and not HKD. In the event the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

12.4 ***Risks relating to the SSIF DCE Iron Ore Futures Index ETF and the Underlying Index***

New product risk. The SSIF DCE Iron Ore Futures Index ETF is a futures-based exchange traded fund investing directly in DCE Iron Ore Futures Contracts. Although there have been commodities exchange traded funds, futures and options mutual funds and unit trusts in Hong Kong and futures-based exchange traded funds, the SSIF DCE Iron Ore Futures Index ETF is one of the first few futures-based exchange traded funds tracking a single commodity futures index such as the Underlying Index in Hong Kong. The novelty and untested nature of such an exchange traded fund and the fact that the SSIF DCE Iron Ore Futures Index ETF is one of the first few futures-based exchange traded funds in Hong Kong makes the SSIF DCE Iron Ore Futures Index ETF potentially riskier than traditional exchange traded funds investing in equity securities.

Risks relating to the Underlying Index. The SSIF DCE Iron Ore Futures Index ETF may be subject to the following risks in relation to the Underlying Index:

(i) If the Underlying Index is discontinued or the Manager's license from the Index Provider under the relevant licence agreement is terminated, the Manager may, in consultation with the Trustee, seek the Commission's prior approval to replace the Underlying Index with an index that is tradable and has similar objectives to the Underlying Index. Please refer to section "***18. Replacement of Underlying Index***" below on the circumstances in which the Underlying Index may be replaced by the Manager. Such change shall be made in accordance with the provisions of the Trust Deed and with the prior approval of the Commission. For the avoidance of doubt, index-tracking will remain the SSIF DCE Iron Ore Futures Index ETF's investment objective.

The Manager has been granted a licence by DCE to use the Underlying Index as a basis for determining the composition of the SSIF DCE Iron Ore Futures Index ETF and to use certain trade marks in the Underlying Index. The licence granted is for an initial term of 1 year commencing from the date of the agreement (i.e. 30 December 2019), and thereafter automatically renewed twice for successive 1-year period unless terminated pursuant to the agreement. There is no guarantee that the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) will be perpetually renewed.

The SSIF DCE Iron Ore Futures Index ETF may be terminated if the Underlying Index is discontinued and/or the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) is terminated and the Manager is unable to identify or agree with any Index Provider terms for the use of a suitable replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index and which meets the acceptability criteria under Chapter 8.6(e) of the Code. Any such replacement index will be subject to the prior approval of the Commission under the Code and Unitholders will be duly notified of the same. Accordingly, investors should note that the ability of the SSIF DCE Iron Ore Futures Index ETF to track the Underlying Index depends on the continuation in force of the index licence agreement in respect of the Underlying Index or a suitable replacement. The SSIF DCE Iron Ore Futures Index ETF may also be terminated if the Underlying Index ceases to be compiled or published and there is no replacement index, using, in the opinion of the Manager, the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index.

The Manager and the Index Provider may by mutual agreement terminate or postpone the parties' obligations under the index licence agreement upon the occurrence of a force majeure event such that the terms of the Licence Agreement can no longer be performed. There is no guarantee or assurance of exact or identical replication at any time of the performance of the relevant Underlying Index.

For further information on the grounds for terminating the Licence Agreement (as defined in section "***16. Index Licence Agreement***" below) in respect of the Underlying Index, please refer to section "***16. Index Licence Agreement***" in this Appendix.

(ii) There may be changes in the constituent Futures Contracts of the Underlying Index from time to time. The Manager may rebalance the composition of a Basket. The price of the Units may rise or fall as a result of these changes. Thus, an investment in Units will generally reflect the Underlying Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units. Please refer to the section "***19. The Underlying Index***" of this Appendix below for more information on how the Underlying Index is compiled.

(iii) The process and the basis of computing and compiling the Underlying Index and any of its related formulae and factors may also be changed or altered by the Index Provider at any time without notice. There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the Underlying Index, its computation or any information related thereto.

Investment in other funds risks. As part of the SSIF DCE Iron Ore Futures Index ETF's investment strategy, the Manager will apply not less than 60%of the Net Asset Value for holding in cash, certificates of deposits and investment in other investment products such as money market funds. The SSIF DCE Iron Ore Futures Index ETF will be exposed to the risk of investing in another management company's funds with all the related risks which attach to funds generally. In particular, as an investor in such funds, the SSIF DCE Iron Ore Futures Index ETF will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the SSIF DCE Iron Ore Futures Index ETF to the Manager.

Owning Units is not the same as directly owning the Futures Contracts. The return on Units will not reflect the return investors will realise if investors actually purchased the commodities upon which the Futures Contracts included in the Underlying Index are based, or exchange traded or over-the-counter instruments based on the Underlying Index. A Unitholder will not have any rights that holders of such assets or instruments have.

No rights in the physical commodities and Futures Contracts risk. As an owner of Units, a Unitholder will not have rights that holders of the DCE Iron Ore Futures Contracts included in the Underlying Index may have. A Unitholder will have no right to receive delivery of any iron ore or DCE Iron Ore Futures Contracts. A Unitholder will have no right to receive any payment or delivery of amounts in respect of the DCE Iron Ore Futures Contracts included in the Underlying Index.

12.5 Reliance on the PRC brokers' risk

The Manager will rely on the PRC Brokers (Direct Access Route or Indirect Access Route)(via the Offshore Brokers (Indirect Access Route)) to execute trades and communicate with depository banks. Any disruption in the communication with or assistance from the PRC Brokers (Direct Access Route or Indirect Access Route) or a loss of service of the PRC Brokers (Direct Access Route or Indirect Access Route) or any of their key individual providing the relevant services to the Manager may adversely affect the operations of the SSIF DCE Iron Ore Futures Index ETF.

12.6 <u>Ownership and custody of PRC assets risk</u>

Any DCE Iron Ore Futures Contracts acquired by the SSIF DCE Iron Ore Futures Index ETF will be maintained in electronic form via the Direct Futures Account and Indirect Futures Account (as detailed in section "***11. Custody Arrangement***" above) with the CFMMC.

Also, under the Direct Access Route, each of the PRC Brokers (Direct Access Route) maintains on its ledger a Direct Capital Account for the SSIF DCE Iron Ore Futures Index ETF. Cash in RMB and USD attributable to SSIF DCE Iron Ore Futures Index ETF will be held in the Direct Margin Accounts (as detailed in section "***11. Custody Arrangement***" above) with HSBC Bank (China) Company Limited as service provider and a dedicated USD Direct Settlement Account will be maintained with the Designated Depository Bank (Direct Access Route) in the name of SSIF DCE Iron Ore Futures Index ETF under the Direct Access Route.

In terms of the Indirect Access Route, certain accounts are maintained at the level of the Offshore Broker (Indirect Access Route) who in turn maintains on its ledger separate account for keeping entries relating to the SSIF DCE Iron Ore Futures Index ETF as detailed in sections "***10. Investment in DCR Iron Ore Futures Contracts***" and "***11. Custody Arrangement***" above.

Although the Manager has obtained legal opinion from PRC counsel (which is summarised in section "***11. Custody Arrangement***" above) that the Trustee, for and on behalf of SSIF DCE Iron Ore Futures Index ETF, is the only entity which has a valid claim of ownership over the assets held / credited in the relevant accounts, such opinion cannot be relied on as being conclusive, as the relevant PRC regulations are subject to the interpretation of the relevant authorities in the PRC. The Trustee may face difficulty and/or encounter delays in recovering such assets held / credited to the relevant accounts, or may not be able to recover it in full or at all, in which case the SSIF DCE Iron Ore Futures Index ETF will suffer losses.

12.7 <u>Other risks</u>

<u>*Operating risk*</u>. There is no assurance that the performance of the SSIF DCE Iron Ore Futures Index ETF will be identical to the performance of the Underlying Index. The level of fees, taxes and expenses payable by the SSIF DCE Iron Ore Futures Index ETF will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the SSIF DCE Iron Ore Futures Index ETF can be estimated, the growth rate of the SSIF DCE Iron Ore Futures Index ETF, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the SSIF DCE Iron Ore Futures Index ETF or the actual level of its expenses. Under the terms of the Trust Deed and as summarised under the section headed "***14.5 Termination of the Trust or a Sub-Fund***" in Part 1 of this Prospectus, the Manager may terminate the SSIF DCE Iron Ore Futures Index ETF. On the termination of the SSIF DCE Iron Ore Futures Index ETF, the SSIF DCE Iron Ore Futures Index ETF will be liquidated and investors will receive distributions of cash although the Manager has the power to decide to make distributions in specie.

<u>*No market in the Units risk.*</u> Although the Units are to be listed on the SEHK and it is a requirement that the Manager ensures that there is at all times at least one market maker for Units traded in each of the USD counter and HKD counter, investors should be aware that there may be no liquid trading market for the Units or that such market maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of other exchange traded fund which are traded on the SEHK and which are based upon indices.

Counterparty risk to the depository bank or depositories' risk. The SSIF DCE Iron Ore Futures Index ETF will be exposed to the credit risk of any depository bank or any other depositories where cash is held by the depository bank or such other depositories (including the Designated Depository Bank (Direct Access Route)). Where the depository and/or settlement systems in a market the SSIF DCE Iron Ore Futures Index ETF invests in are not fully developed, the assets of the SSIF DCE Iron Ore Futures Index ETF may be exposed to depository risk. In the event of the liquidation, bankruptcy or insolvency of the depository bank or other depositories, the SSIF DCE Iron Ore Futures Index ETF may take a longer time to recover its assets. The costs borne by the SSIF DCE Iron Ore Futures Index ETF in investing and holding investments in such market will be generally higher than in organised markets. Further, in the event of the insolvency of the depository bank or other depositories, the SSIF DCE Iron Ore Futures Index ETF will be treated as a general creditor of the depository bank or other depositories in relation to cash holdings of the SSIF DCE Iron Ore Futures Index ETF. The assets of the SSIF DCE Iron Ore Futures Index ETF are however maintained by the custodian or other depositories in segregated accounts and should be protected in the event of insolvency of the custodian or other depositories. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the SSIF DCE Iron Ore Futures Index ETF may even be unable to recover all of its assets (including cash).

Termination of market maker risk. A market maker may cease to act as a market maker for any counter of the SSIF DCE Iron Ore Futures Index ETF in accordance with the terms of its agreement including upon giving prior written notice. The termination notice period for at least one market maker for Units of the SSIF DCE Iron Ore Futures Index ETF for each counter will be 3 months. The liquidity for the USD traded Units and HKD traded Units of the SSIF DCE Iron Ore Futures Index ETF may be affected if there is no market maker for the USD traded Units and the HKD traded Units respectively or if the market making activities are not effective, which may adversely affect the trading price of the SSIF DCE Iron Ore Futures Index ETF. The Manager intends to ensure that there is at least one market maker for the SSIF DCE Iron Ore Futures Index ETF for each counter (although these market makers may be the same entity) to facilitate efficient trading of Units of the relevant trading currency (i.e. USD and HKD). It is possible that there is only one SEHK market maker for each counter of the SSIF DCE Iron Ore Futures Index ETF or the Manager may not be able to engage a substitute market maker within the termination notice period of a market maker, and there is also no guarantee that any market making activity will be effective.

Liquidity risk. Units will be a new security and following listing on the SEHK, it is unlikely that the Units will initially be widely held. Accordingly, any investor buying Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To address this risk, at least one market maker has been appointed. There are also a number of limitations on the conversion of RMB. In turn this may affect the liquidity and trading price of the Units in the secondary market. Therefore, Unitholders may not be able to sell their Units in the secondary market in as timely a manner as some other equity products denominated in Hong Kong dollars listed in Hong Kong, and the trading price may not fully reflect the intrinsic value of the Units.

Tracking error risk. The Manager will adopt a full replication strategy. There can be no assurance of exact or identical replication at any time of the performance of the Underlying Index. Factors such as the fees and expenses of the SSIF DCE Iron Ore Futures Index ETF, inability to rebalance the SSIF DCE Iron Ore Futures Index ETF's holdings of Futures Contracts to track the Underlying Index, rounding of the Futures Contracts' prices, and changes to the regulatory policies may affect the Manager's ability to achieve close correlation with the Underlying Index. These factors may cause the SSIF DCE Iron Ore Futures Index ETF's returns to deviate from the Underlying Index.

Risk relating to distributions paid out of capital. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the SSIF DCE Iron Ore Futures Index ETF are charged to/paid out of the capital of the SSIF DCE Iron Ore Futures Index ETF, resulting in an increase in distributable income for the payment of dividends by the SSIF DCE Iron Ore Futures Index ETF and therefore, the SSIF DCE Iron Ore Futures Index ETF may effectively pay dividend out of the capital. **Investors should note that the payment of distributions out of or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Any such distributions may result in an immediate reduction in the Net Asset Value per Unit of the SSIF DCE Iron Ore Futures Index ETF**.

13. FEES AND CHARGES

13.1 *Management Fees and Servicing Fees*

The Manager is entitled to receive a management fee, currently at the rate of 1.2% per annum of the Net Asset Value of the SSIF DCE Iron Ore Futures Index ETF accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

13.2 *Trustee's and Registrar's Fee*

The Trustee is entitled to receive a trustee fee as a percentage per annum of the Net Asset Value of the SSIF DCE Iron Ore Futures Index ETF at a rate of 0.10% per annum for the first USD 50 million of the Net Asset Value and 0.08% per annum for the remaining balance of the Net Asset Value, accrued daily and payable monthly in arrears, subject to a monthly minimum of USD 10,000.

The Trustee shall also be entitled to be reimbursed out of the assets of the SSIF DCE Iron Ore Futures Index ETF all out-of-pocket expenses incurred.

The Trustee (acting as the Registrar) is also entitled to a fee of USD 20 per Participating Dealer per transaction.

13.3 *Designated Depository Bank (Direct Access Route)'s Fee*

The Designated Depository Bank (Direct Access Route) does not currently charge any fees for depository service. Expenses related to remittance and transfer system which are transactions related expenses may be incurred and payable to the Designated Depository Bank (Direct Access Route) out of the assets of the SSIF DCE Iron Ore Futures Index ETF.

13.4 *Service Agent's Fee*

The Service Agent is entitled to receive a monthly reconciliation fee of HKD 1,000 from the Manager. For any period less than a month, the reconciliation fee is payable by the Manager on a pro-rata basis and accrues on a daily basis.

13.5 *Other Changes and Expenses of SSIF DCE Iron Ore Futures Index ETF*

Please refer to section "***12.4 Other Charges and Expenses***" in Part 1 of this Prospectus on other charges and expenses payable by the SSIF DCE Iron Ore Futures Index ETF.

13.6 *Establishment Costs of SSIF DCE Iron Ore Futures Index ETF*

Please refer to section "***12.5 Establishment Costs***" in Part 1 of this Prospectus on the establishment costs of the SSIF DCE Iron Ore Futures Index ETF.

13.7 ***Fees Payable by Participating Dealers, Primary Market Investors and Secondary Market Investors***

The fees payable by Participating Dealers, Primary Market Investors and Secondary Market Investors are summarised in the respective tables below:

13.7.1 *Participating Dealers*

Creation of Units by a Participating Dealer

Application Cancellation Fee	USD1,200 per cancellation (See Note 1)
Extension Fee	USD1,200 per extension (See Note 1)
Transaction Fee	Up to USD2,000 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Redemption of Units by a Participating Dealer

Application Cancellation Fee	USD1,200 per cancellation (See Note 1)
Extension Fee	USD1,200 per extension (See Note 1)
Transaction Fee	Up to USD2,000 per Application (See Note 2)
Service Agent's Fee	See Note 3
Stamp duty	Nil

Participating Dealers shall also bear all transaction costs, Duties and Charges and other expenses and charges, and the market risks in constituting and liquidating the Basket(s) in relation to an Application.

13.7.2 *Primary Market Investors creating or redeeming Units through a Participating Dealer or a stockbroker*

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

13.7.3 *Secondary Market Investors Dealing in Units on the SEHK*

Brokerage	Market rates (in currency determined by the intermediaries used by the investors)
Transaction levy	0.0027% (see Note 4 and Note 8)
Trading fee	0.005% (see Note 5 and Note 8)
Stamp duty	Nil (see Note 6)
Investor compensation levy	0.002% (currently suspended) (see Note 7)
Inter-counter transfers	HKD5 (see Note 9)

Note:

1. The Application Cancellation Fee of USD1,200 and the Extension Fee of USD1,200 are payable by the Participating Dealer, and are payable to the Trustee for its own account, on each occasion the Manager grants the request of such Participating Dealer for cancellation or extended settlement in respect of such Application as provided in this Prospectus.

2. A Transaction Fee of up to USD2,000 per Application is payable by each Participating Dealer for the account and benefit of the Trustee.

3. A Service Agent's Fee of HKD1,000 is payable by each Participating Dealer to the Service Agent for each book-entry deposit transaction or book-entry withdrawal transaction.

4. A transaction levy of 0.0027% of the trading price of the Units, payable by the buyer and the seller.

5. A trading fee of 0.005% of the trading price of the Units, payable by the buyer and the seller.

6. Stamp duty is waived with effect from 13 February 2015 pursuant to the Stamp Duty (Amendment) Ordinance 2015.

7. The investor compensation levy of the trading price of the Units, payable by the buyer and the seller, has been suspended pursuant to the exemption notice published by the Commission on 11 November 2005.

8. The transaction levy and trading fee will be paid by intermediaries to HKEX in Hong Kong dollars and calculated based on an exchange rate as determined by the Hong Kong Monetary Authority on the date of the trade which will be published on the HKEX's website by 11:00 a.m. on each trading day.

   Investors should consult their own intermediaries as to how and in what currency the trading related fees and charges should be paid by the investors.

9. HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer of Units of the SSIF DCE Iron Ore Futures Index ETF from one counter to another counter. Investors should check with their brokers regarding any additional fees.

14. ADDITIONAL DOCUMENTS AVAILABLE FOR INSPECTION

The SSIF DCE Iron Ore Futures Index ETF's offering document (including the Product Key Facts Statement), latest version of the interim and annual reports of the SSIF DCE Iron Ore Futures Index ETF and all notices and public announcements (including notices for suspension and resumption of trading) issued by SSIF DCE Iron Ore Futures Index ETF in Hong Kong are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager. Please refer to section "***14.18 Complaints and Enquiries***" in Part 1 of this Prospectus for the address of the Manager.

Please refer to section "***14.11 Documents Available for Inspection***" in Part 1 of this Prospectus for the list of the other documents that are available for inspection.

15. PUBLICATION OF INFORMATION RELATING TO SSIF DCE IRON ORE FUTURES INDEX ETF

The following information relating to SSIF DCE Iron Ore Futures Index ETF will be published on the Manager's website http://am.ssif.com.hk:

- A “performance simulator” of the Sub-Fund, which allows investors to select a historical time period and simulate the performance of the Sub-Fund vis-à-vis the spot price of iron ore during that period based upon historical data;

- The real time or near real-time indicative Net Asset Value per Unit of the SSIF DCE Iron Ore Futures Index ETF (updated every 15 seconds thorough each Dealing Day in the Base Currency of the SSIF DCE Iron Ore Futures Index ETF and in each trading currency) during normal trading hours on the SEHK in USD and HKD; and

- the last Net Asset Value of the SSIF DCE Iron Ore Futures Index ETF in USD only and, the last Net Asset Value per Unit of the SSIF DCE Iron Ore Futures Index ETF in USD and HKD.

Note that:

- the indicative Net Asset Value per Unit means a measure of the intraday value of the Net Asset Value per Unit of the SSIF DCE Iron Ore Futures Index ETF based on the most up-to-date information; and

- as the SSIF DCE Iron Ore Futures Index ETF has multiple trading counters, the relevant information will be provided for each counter the Manager’s website http://am.ssif.com.hk.

The near real-time indicative Net Asset Value per Unit of SSIF DCE Iron Ore Futures Index ETF in HKD denomination respectively is indicative and for reference purposes only. This is updated during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in HKD uses a real-time USD:HKD foreign exchange rate – it is calculated using the near real-time indicative Net Asset Value per Unit in USD multiplied by a real-time USD:HKD foreign exchange rate provided by Wind Information (HK) Company Limited when the SEHK is opened for trading. The near real-time indicative Net Asset Value per Unit (in HKD) is updated every 15 seconds throughout the SEHK trading hours.

The closing Net Asset Value per Unit of SSIF DCE Iron Ore Futures Index ETF in HKD and USD respectively is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in USD multiplied by an assumed foreign exchange rate using the USD:HKD exchange rate quoted by Wind Information (HK) Company Limited at 3:00 p.m. (Hong Kong time) as of the same Dealing Day.

Please refer to the section headed “***14.15 Publication of Information relating to the Sub-Funds***” in Part 1 of this Prospectus for other information that will be published on the Manager’s website http://am.ssif.com.hk.

16. INDEX LICENCE AGREEMENT

The Manager has been granted a non-exclusive, non-transferable licence pursuant to an index licence agreement dated 30 December 2019 (the “**Licence Agreement**”) entered into between the Manager and DCE, to use the Underlying Index (i.e. DCE Iron Ore Futures Price Index) in connection with the issue, operation, marketing, promotion and distribution of the SSIF DCE Iron Ore Futures Index ETF.

The Licence Agreement has an initial term of 1 year and thereafter automatically renewed twice for successive 1-year periods until terminated by either party under the circumstances listed below:

(a) DCE may terminate the Licence Agreement forthwith if:

   (i) the Manager ceases to promote or manage the SSIF DCE Iron Ore Futures Index ETF;

(ii) the SSIF DCE Iron Ore Futures Index ETF ceases to be listed on the HKEX;

(iii) the Manager changes the Underlying Index for the SSIF DCE Iron Ore Futures Index ETF;

(iv) the Manager is required by regulatory authorities or exchanges to terminate the promotion and/or management of the SSIF DCE Iron Ore Futures Index ETF, or DCE is required by regulatory authorities or exchanges to terminate the licence to the Manager;

(v) the SSIF DCE Iron Ore Futures Index ETF is not launched within 12 months of the date of the Licence Agreement;

(vi) the Manager is found to be in material breach of any applicable laws or regulations or rules of the relevant exchanges;

(vii) there is a material litigation or regulatory inspection pertaining to the SSIF DCE Iron Ore Futures Index ETF;

(viii) any of the party ceases business operation, or the business registration is revoked, or any of the party dissolves or is declared bankrupt;

(ix) there are other circumstances required under applicable law or regulations; or

(x) the Manager commits any material breach of its obligations under the Licence Agreement and fails to remedy the breach upon receipt of written notice from the DCE requiring the same; and

(b) either party may terminate the Licence Agreement if the other party breaches any term of the Licence Agreement and it is not possible to remedy the breach.

17. MATERIAL CHANGES TO THE UNDERLYING INDEX

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

18. REPLACEMENT OF UNDERLYING INDEX

The Manager reserves the right, with the prior approval of the Commission and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Underlying Index. The circumstances under which any such replacement might occur include but are not limited to the following events:

(a) the Underlying Index ceasing to exist;

(b) the licence to use the Underlying Index being terminated;

(c) a new index becoming available that supersedes the existing Underlying Index;

(d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Underlying Index;

(e) investing in the Futures Contracts comprised within the Underlying Index becomes difficult;

(f) the Index Provider increasing its licence fees to a level considered too high by the

Manager;

(g) the quality (including accuracy and availability of the data) of the Underlying Index having in the opinion of the Manager, deteriorated;

(h) a significant modification of the formula or calculation method of the Underlying Index rendering that index unacceptable in the opinion of the Manager; and

(i) the instruments and techniques used for efficient portfolio management not being available.

The Manager may change the name of SSIF DCE Iron Ore Futures Index ETF if the Underlying Index changes or for any other reasons including if licence to use the Underlying Index is terminated. Any change to (i) the use by SSIF DCE Iron Ore Futures Index ETF of the Underlying Index and/or (ii) the name of SSIF DCE Iron Ore Futures Index ETF will be notified to investors.

19. THE UNDERLYING INDEX

Investors should note that the information set out below is based on publicly available documents that have not been prepared or independently verified by the Manager, the Trustee, the Listing Agent or any advisers in connection with the offering and listing of the SSIF DCE Iron Ore Futures Index ETF, and none of them makes any representation as to or takes any responsibility for the accuracy or completeness of such information.

The Underlying Index of the SSIF DCE Iron Ore Futures Index ETF is the DCE Iron Ore Futures Price Index. The DCE Iron Ore Futures Price Index is a compiled and published by the DCE, and tracks the price of DCE Iron Ore Futures Contracts.

The Underlying Index was launched on 7 April 2017 and had a base level of 1,000 on 18 October 2013. The Underlying Index is denominated in RMB (CNY).

The Manager and each of its Connected Persons are independent of the Index Provider.

DCE or its affiliates are the proprietors and absolute owners of the Underlying Index. DCE has granted to the Manager, by way of a licence, subject to the terms of an index licence agreement between them, among other things the non-transferable and non-exclusive right to use the Underlying Index as the basis for determining the composition of the Underlying Index in respect of the SSIF DCE Iron Ore Futures Index ETF and to sponsor, issue, establish, market, list and distribute the SSIF DCE Iron Ore Futures Index ETF.

General Information

The Underlying Index is comprised of DCE Iron Ore Futures Contracts listed on the DCE. The specific DCE Iron Ore Futures Contracts included in the Underlying Index is the main DCE Iron Ore Futures Contract, which is the DCE Iron Ore Futures Contract with the largest open interest, and if there are two DCE Iron Ore Futures Contracts with the same open interest, then main DCE Iron Ore Futures Contract would be the contract with the larger trading volume. If there are two DCE Iron Ore Futures Contracts with same open interest and trading volume, then the one with a later expiry month would be the main DCE Iron Ore Futures Contract.

Information on the constituents of the Underlying Index is available on http://am.ssif.com.hk and will be updated after each rebalancing on a retrospective basis and in advance of the next rebalancing.

Futures Roll

The Underlying Index incorporates a methodology for the replacement (also referred to as "rolling") of the main DCE Iron Ore Futures Contract with the next main DCE Iron Ore Futures Contract.

On the closing of each trading day of DCE, the main DCE Iron Ore Futures Contract is determined using the criteria mentioned in "***General Information***" above.

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 over a five consecutive business day period 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, and on the 5^{th} day of the roll-over period the next main DCE Iron Ore Futures Contract represents 100% of the Underlying Index.

If, on the last trading day of DCE two months prior to the settlement date of the then main DCE Iron Ore Futures Contract, no new main DCE Iron Ore Futures Contract is identified, there will be a mandatory rolling. In such circumstance, the then main DCE Iron Ore Futures Contract will be rolled-over to the next main DCE Iron Ore Futures Contract with a later expiry month (i.e. the DCE Iron Ore Futures Contract with the second largest open interest and with a later expiry month), over a 5-day roll-over period mentioned above.

Under exceptional circumstances, the Manager may use its discretion to deviate from the roll-over schedule as mentioned above in the best interests of the SSIF DCE Iron Ore Futures Index ETF and the Unitholders.

Further Information of the Underlying Index

Wind Code: DCEIOFI

You can obtain additional information concerning the Underlying Index (including fact sheets, a complete official index methodology, end of day index levels and index performance) from the website of the Index Provider at http://www.dce.com.cn/.