CSOP Leveraged and Inverse Series II

Prospectus

24 July 2024

CSOP ASSET MANAGEMENT

IMPORTANT: Investments involve risks, including the total loss of your investment. Investors are advised to consider their own investment objectives and circumstances in determining the suitability of an investment in CSOP NASDAQ-100 Index Daily (2x) Leveraged Product, CSOP Gold Futures Daily (2x) Leveraged Product and CSOP CSI 300 Index Daily (2x) Leveraged Product (the "Products").

Each of CSOP NASDAQ-100 Index Daily (2x) Leveraged Product, CSOP Gold Futures Daily (2x) Leveraged Product and CSOP CSI 300 Index Daily (2x) Leveraged Product tracks the performance a leveraged position on an index on a Daily basis. The Products are only suitable for sophisticated, trading-oriented investors who constantly monitor the performance of their holding on a daily basis, and are in a financial position to assume the risks in derivatives investments. They are high risk products designed to be used as short term trading tools managed on a Daily basis for market timing or hedging purposes and are not appropriate for long term (longer than one day) investment. The performance of the Product, when held overnight, may deviate from the underlying indices.

The Products may not be suitable for all investors. It is possible that the entire value of your investment could be lost.

Derivatives investments are subject to certain key risks including leverage, counterparty and liquidity risks. Movement in the prices of futures may be highly volatile. Please refer to the "Risk Factors" section in this Prospectus as well as the "Risk factors specific to the Product" section in each Appendix.

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

CSOP Leveraged and Inverse Series II

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

PROSPECTUS

CSOP NASDAQ-100 Index Daily (2x) Leveraged Product

Stock Code: 7266

CSOP Gold Futures Daily (2x) Leveraged Product

Stock Code: 7299

CSOP CSI 300 Index Daily (2x) Leveraged Product

Stock Code: 7233

Manager

CSOP Asset Management Limited

Listing Agent

Altus Capital Limited

24 July 2024

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

IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the "Units") in the CSOP Leveraged and Inverse Series II (the "Trust"), an umbrella unit trust established under Hong Kong law by a trust deed dated 24 April 2020 between CSOP Asset Management Limited (the "Manager") and Cititrust Limited (the "Trustee"), as amended and restated from time to time (the "Trust Deed"). Each of CSOP NASDAQ-100 Index Daily (2x) Leveraged Product, CSOP Gold Futures Daily (2x) Leveraged Product and CSOP CSI 300 Index Daily (2x) Leveraged Product is a product of the Trust (collectively, the "Products").

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

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

The Products are a collective investment scheme falling within Chapters 8.6 and 8.8 of the Code. Certain Products may also be subject to additional Chapters of the Code. The Trust and the Products are authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust, the Products or for the correctness of any statements made or opinions expressed in this Prospectus. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

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

Dealings in the Units of CSOP NASDAQ-100 Index Daily (2x) Leveraged Product, CSOP Gold Futures Daily (2x) Leveraged Product and CSOP CSI 300 Index Daily (2x) Leveraged Product on the SEHK have already commenced. The Units of such Products have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System ("CCASS"). Settlement of transactions between participants on the SEHK is required to take place in CCASS on the second CCASS settlement day after the Trading Day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

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

Furthermore, distribution of this Prospectus (including the Product Key Facts Statement) shall not be permitted unless it is accompanied by a copy of the latest annual financial report of the Products (where existing) and, if later, its most recent interim report.

You should note that any amendment or addendum to this Prospectus will only be posted on the Manager's website (http://www.csopasset.com) the contents of which, and of any other websites referred to in this Prospectus, have not been reviewed by the SFC. This Prospectus (including the Product Key Facts Statement) may refer to information and materials included in websites. Such information and materials do not form part of this Prospectus and they have not been reviewed by the SFC or any regulatory body. Investors should note that the information provided in websites may be updated and changed periodically without any notice to any person.

Questions and Complaints

Investors may raise any questions on or make any complaints about the Trust (including the Product) by contacting the Managers Customer Service Hotline at its address as set out in the Directory of this Prospectus or calling the Manager on +852 3406 5688 during normal office hours.

DIRECTORY

Manager
CSOP Asset Management Limited
南方東英資產管理有限公司
2801-2803 & 3303-3304, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Trustee
Cititrust Limited
50/F., Champion Tower
Three Garden Road
Central
Hong Kong

Administrator and Custodian
Citibank, N.A., Hong Kong Branch
50/F., Champion Tower
Three Garden Road
Central
Hong Kong

Registrar
Computershare Hong Kong Investor Services Limited
46/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Auditors
Ernst & Young
22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Participating Dealers#

Market Makers#

 # Please refer to the Manager's website and the website of the HKEX for the latest lists of Market Makers and Participating Dealers for each Product.

CONTENTS

PART 1 – GENERAL INFORMATION RELATING TO THE TRUST AND PRODUCT

Part 1 of this Prospectus includes information relevant to the Trust and the Products established under the Trust and listed on the SEHK.

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

DEFINITIONS

In this Prospectus (including the relevant Appendix for any Product), unless the context requires otherwise, the following expressions have the meanings set out below. Other capitalised terms used, but not defined, have the meaning given to those terms in the Trust Deed.

"A-Shares" means shares issued by companies incorporated in the PRC mainland and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in RMB and available for investment by domestic investors, QFIIs and RQFIIs.

"Administrator" means Citibank, N.A., Hong Kong Branch or such other person or persons for the time being duly appointed as administrators hereof in succession thereto in accordance with the Trust Deed.

"After Listing" means the period which commences on the Listing Date and continues until the relevant Product is terminated.

"Appendix" means an appendix to this Prospectus that sets out specific information applicable to a Product.

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

"Application Unit" means, in relation to each Product, such number of Units or whole multiples thereof (if any) as specified in this Prospectus for the relevant Product or such other number of Units from time to time determined by the Manager, approved by the Trustee and notified to the Participating Dealers.

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

"Cancellation Compensation" means an amount payable by a Participating Dealer in respect of a Default, as set out in the Trust Deed and in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

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

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

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

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

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

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

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

(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

"Creation Application" means an application by a Participating Dealer for the creation and issue of Units in an Application Unit size in accordance with the Operating Guidelines and the Trust Deed.

"CSRC" means China Securities Regulatory Commission.

"Daily" in relation to the performance, the inverse performance or the leveraged performance of an Index or a Product, means the performance, the inverse performance or the leveraged performance of an Index or a Product (as the case may be) from the close of market of a given Business Day until the close of the market on the subsequent Business Day.

"Dealing Day" means each Business Day during the continuance of the relevant Product, and/or such other day or days as the Manager may from time to time determine in consultation with the Trustee.

"Dealing Deadline" in relation to any Dealing Day, means such time or times as the Manager may from time to time in consultation with the Trustee determine generally or in relation to any particular place for submission of Application(s) by a Participating Dealer.

"Default" means a failure by a Participating Dealer in respect of:

(a) a Creation Application to deliver the requisite Securities, FDIs and/or any relevant cash amount; or

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

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

"Duties and Charges" means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities and/or FDIs (as the case may be) or the entering into or termination of any FDIs (including any costs associated with the entering into, or unwind or maintenance of, any hedging arrangements in respect of such FDIs, or any costs associated with any collateral arrangements in respect of such Securities, Futures Contracts or Swaps), 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 FDIs (as the case may be) in the Trust Fund for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities and/or FDIs (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 FDIs (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 Fund upon such redemption of Units.

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

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

"Extension Fee" means the fee payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application in accordance with the Operating Guidelines.

"FDIs" means financial derivative instrument, including, for the avoidance of doubt, Futures Contracts and Swaps.

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

"Futures Exchange" means the Hong Kong Futures Exchange Limited and such other futures exchange from time to time determined by the Manager.

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

"HKD" means Hong Kong dollars, the lawful currency for the time being and from time to time of Hong Kong.

"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.

"IFRS" means International Financial Reporting Standards.

"Income Property" means, in respect of each Product, (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 Product (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale or transfer of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition; (c) all cash payments received or receivable by the Trustee for the account of the relevant Product in respect of an Application; (d) all Cancellation Compensation received by the Trustee for the account of the relevant Product; and (e) any payments to be received or are receivable by the Trustee under any contractual agreements in the nature of investments for the benefit of the relevant Product but excluding (i) other Deposited Property; (ii) any amount for the time being standing to the credit of the distribution account for the account of the relevant Product or previously distributed to Unitholders; (iii) gains for the account of the relevant Product arising from the realisation of Securities and/or FDIs (as the case may be); and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the relevant Product.

"Index" means, in respect of a Product, the index or benchmark (as the context required) against which the relevant Product is benchmarked as set out in the relevant Appendix.

"Index/Benchmark Provider" means, in respect of a Product, the person responsible for compiling the Index against which the relevant Product benchmarks its investments and who holds the right to licence the use of such Index to the relevant Product as set out in the relevant Appendix.

“Initial Issue Date” means, in respect of a Product, the date of the first issue of Units.

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

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

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

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

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

“Market” means in any part of the world:

(a) in relation to any Security: the SEHK or such other stock exchange from time to time determined by the Manager; and

(b) in relation to any Futures Contract: the Hong Kong Futures Exchange Limited or such other futures exchange from time to time determined by the Manager,

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

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

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

“Operating Guidelines” means, in respect of a Product, the guidelines for the creation and redemption of Units as set out in the schedule to each Participation Agreement as amended from time to time by the Manager with the approval of the Trustee and following consultation, to the extent reasonably practicable, with the relevant Participating Dealers, including without limitation, the procedures for creation and redemption of Units subject always, in respect of the relevant Operating Guidelines for a Participating Dealer, any amendment being notified in writing by the Manager in advance to the Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the Product applicable at the time of the relevant Application.

“Participant” means a person admitted for the time being by HKSCC as a participant of CCASS.

“Participating Dealer” means a broker or dealer who is (or who has appointed an agent or delegate who is) a Participant and who has entered into a Participation Agreement in form and substance acceptable to the Manager and Trustee, and any reference in this Prospectus to “Participating Dealer” shall include a reference to any agent or delegate so appointed by the Participating Dealer.

“Participation Agreement” means an agreement entered into between, among others, the Trustee, the Manager and a Participating Dealer, setting out, amongst other things, the arrangements in respect of the Applications. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the Operating Guidelines.

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

“PRC” means The People’s Republic of China

“PRC mainland” means The People’s Republic of China and for the purpose of this Prospectus, excluding Hong Kong and the Macau Special Administrative Region.

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

“QFI” or “QFI Holder” means a qualified foreign institutional investor approved pursuant to the relevant PRC mainland laws and regulations. as may be promulgated and/or amended from time to time, including both qualified foreign institutional investor (QFII)(i.e. QFI to make investment in PRC mainland domestic securities and futures market by remitting foreign currencies) and/or RMB qualified foreign institutional investors (RQFII)(i.e. QFI to make investment in PRC mainland domestic securities and futures market by remitting offshore RMB), as the case may be, or, as the context may require, the QFII/RQFII regime.

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

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

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

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

“Registrar” means Computershare Hong Kong Investor Services Limited or such person as may from time to time be appointed as registrar of in respect of each Product to keep the register of the Unitholders of the Product.

“Reverse Repurchase Transactions” means transactions whereby a Product purchases Securities from a counterparty of Sale and Repurchase Transactions and agrees to sell such securities back at an agreed price in the future.

“Sale and Repurchase Transactions” means transactions whereby a Product 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.

“Securities” means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products, treasury bills, instruments or notes of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, and whether listed or unlisted, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):

(a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the Trust Deed);

(b) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;

(c) any instrument commonly known or recognised as a security;

(d) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and

(e) any bill of exchange and any promissory note.

"Securities Lending Transactions" means transactions whereby a Product lends its securities to a security-borrowing counterparty for an agreed fee.

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

"Service Agent" means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to the Product.

"Service Agent's Fee" means the fee which may be charged for the benefit of the Service Agent to each Participating Dealer on each Creation Application or Redemption Application made by the relevant Participating Dealer, the maximum level of which shall be determined by the Service Agent and set out in this Prospectus.

"Service Agreement" means each agreement by which the Service Agent provides its services in respect of a Product in accordance with the CCASS Rules and CCASS Operational Procedures, entered amongst the Trustee, the Registrar, the Manager, the Participating Dealer, the Service Agent and the Hong Kong Securities Clearing Company Limited.

"Settlement Day" means the Business Day which is two Business Days after the relevant Dealing Day (or such other Business Day as is permitted in relation to such Dealing Day (including the Dealing Day itself) pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers or as otherwise described in the relevant Appendix.

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

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

"Substantial Financial Institution" has the meaning as set out in the Code.

"Swap" means a swap agreement to be entered by the Trustee on behalf of a Product which may, subject to the terms of the Trust Deed, take such form as determined or agreed by the Manager, including an International Swaps and Derivatives Association master agreement, schedules, annexes and confirmations as well as related documents.

"Swap Counterparty" means a counterparty of each Product pursuant to a Swap.

"Trading Day" means, in respect of the Units, a day on which trading is conducted on the SEHK as specified in the relevant rules of the SEHK.

"Transaction Fee" means the fee, in respect of a Product, which may be charged for the benefit of the Trustee, the Registrar and the Service Agent to each Participating Dealer on each Dealing Day upon which an Application has been or Applications have been made by the relevant Participating Dealer.

"Trust" means the umbrella unit trust constituted by the Trust Deed and called "CSOP Leveraged and Inverse Series II" or such other name as the Manager may from time to time determine upon prior notice to the Trustee.

“Trust Deed” means the trust deed dated 24 April 2020 between the Manager and the Trustee, as amended and restated from time to time.

“Trust Fund” means with respect to each Product, all the property for the time being held or deemed to be held by the Trustee upon the trusts hereof, including the Deposited Property and Income Property attributable to that Product and subject to the terms and provisions of the Trust Deed, except for amounts to be distributed, and where such term is used generically, “Trust Fund” means the Trust Fund attributable to all Product taken together.

“Trustee” means Cititrust Limited or such other person or persons for the time being duly appointed as trustee or trustees hereof in succession thereto in accordance with the Trust Deed.

“Unit” means a unit representing an undivided share in a Product.

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

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

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

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

INTRODUCTION

The Trust

The Trust is an umbrella unit trust created by the Trust Deed between the Manager and the Trustee made under Hong Kong law. The Trust and each Product is authorised as a collective investment scheme by the SFC under Section 104 of the SFO and each Product falls within Chapters 8.6 and 8.8 of the Code. Certain Product(s) may also be subject to additional Chapters of the Code. SFC 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 that a Product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Product

The Trust may issue different classes of Units and the Trustee shall establish a separate pool of assets under the Trust Deed as separate trusts (each such separate pool of assets a "Product") to which one or more class of Units shall be attributable. The assets of a Product will be invested and administered separately from the other assets of the Trust. The Product will be listed on the SEHK.

The Manager and the Trustee reserve the right to establish other Products and/or issue further classes of Units relating to a Product or Products in the future in accordance with the provisions of the Trust Deed.

THE OFFERING PHASES

Initial Offer Period

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

Unless otherwise stated in the relevant Appendix, the latest date for making a Creation Application for Units is 4:00 p.m. (Hong Kong time) two Business Days prior to the Listing Date or such other time as the Manager (in consultation with the Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be dealt with during the Initial Offer Period, the relevant Participating Dealer must submit the Creation Applications to the Registrar (with a copy to the Manager) before the above deadline.

If a Creation Application is received by the Registrar after two Business Days prior to the Listing Date, that Creation Application shall be carried forward and deemed to be received at the opening of business on the next following Dealing Day, which shall be the Dealing Day for the purposes of that Creation Application.

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

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

After Listing

The After Listing phase commences on the Listing Date and continues until the Products are terminated.

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

(a) buy and sell Units on the SEHK; or

(b) apply for creation and redemption of Units through Participating Dealers.

Buying and Selling of Units on the SEHK

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

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

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

Creations and Redemptions through Participating Dealers

Units will continue to be created and redeemed at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit size. The Application Unit size and currency for settlement are as set out in the relevant Appendix.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Creation Applications or Redemption Applications to the Registrar (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day. If a Creation Application or Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application or Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application or Redemption Application.

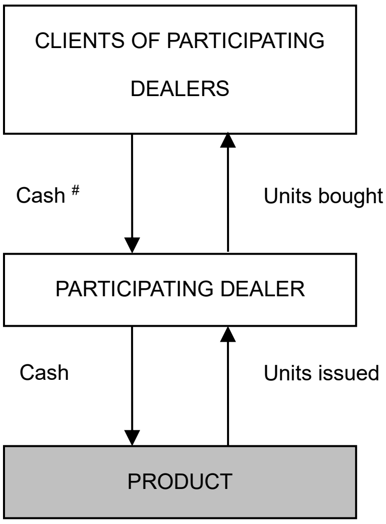
Settlement for subscribing Units is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day or for redeeming Units is due two Business Days (unless as otherwise stated in the relevant Appendix) after the Dealing Day, unless the Manager and Trustee agree with the relevant Participating Dealer to accept later settlement generally or in any particular case.

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

Diagrammatic Illustration of Investment in a Product

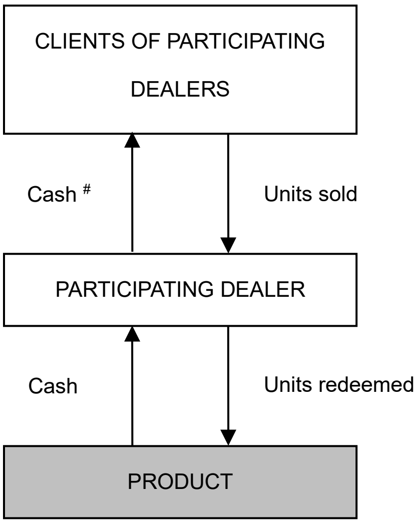
The diagrams below illustrate the creation or redemption and the buying or selling of Units:

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



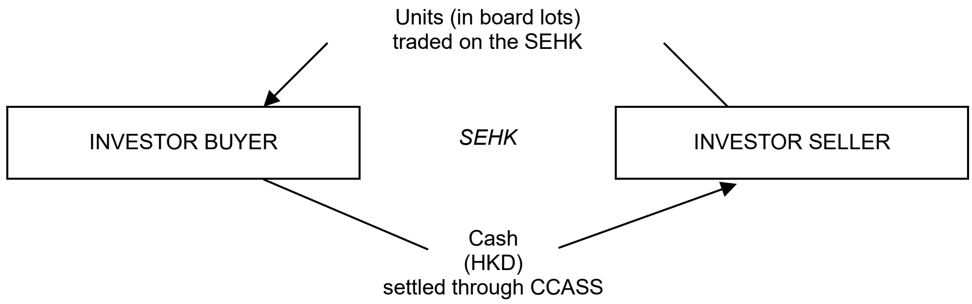
Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.

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



Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.

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



Summary of Offering Methods and Related Fees

Initial Offer Period

Method of Offering	Minimum Number of Units (or multiple thereof)	Channel	Available to	Consideration, Fees and Charges#
Cash creation (in the currency as specified in the relevant Appendix)	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Cash based on the initial Issue Price and the number of Units applied Brokerage fees and/or any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Transaction Fee payable to the Trustee (payable in the currency as specified in the section "Fees and Expenses") Transaction Fee payable to the Service Agent (payable in HKD) Duties and Charges (payable in USD unless otherwise specified in the relevant Appendix)

After Listing

Method of Acquisition or Disposal of Units	Minimum Number of Units (or multiple thereof)	Channel	Available to	Consideration, Fees and Charges#
Purchase and sale in cash through brokers on the SEHK (secondary market)	Board lot size (see relevant Appendix)	On the SEHK	Any investor	Market price of Units on SEHK (in HKD only) Brokerage fees (in such currency as determined by individual brokers) Transaction Levy and Trading Fee (in HKD only unless otherwise specified in the relevant Appendix)
Cash creation and cash redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Cash (in the currency as specified in the relevant Appendix) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Transaction Fee payable to the Trustee (payable in the currency as specified in the section “Fees and Expenses”) Transaction Fee payable to the Service Agent (payable in HKD) Duties and Charges (payable in USD unless otherwise specified in the relevant Appendix)

Please refer to “Fees and Expenses” for further details

INVESTMENT OBJECTIVE, INVESTMENT STRATEGY, INVESTMENT RESTRICTIONS, SECURITIES LENDING AND BORROWING

Investment Objective

The investment objective of each Product is to provide investment results that, before fees and expenses, closely correspond to the performance of a relevant leveraged or inverse index, or the inverse Daily performance or the leveraged Daily performance of the relevant Index, unless otherwise stated in the relevant Appendix.

Investment Strategy

In managing a Product, the Manager may use (i) a futures-based replication strategy, (ii) a swap-based synthetic replication strategy or (iii) a hybrid approach with the combination of (i) and (ii) as described below. The particular strategy employed for each Product is set out in the relevant Appendix.

Futures-based replication strategy

By using a futures-based replication strategy, a Product directly or indirectly invests in Futures Contracts, so as to replicate the performance, the inverse Daily performance or the leveraged Daily performance of the relevant Index.

The Manager may use a full replication or a representative sampling strategy. In using a representative sampling strategy, the Manager will invest in a representative sample of Futures Contracts which collectively have an investment profile that reflects the profile of the relevant Index and whose performance closely correlates with the performance, the inverse Daily performance or the leveraged Daily performance of the relevant Index.

Swap-based synthetic replication strategy

Pursuant to a Swap-based synthetic replication strategy, a Product will enter into one or more Swaps (which are over-the counter financial derivative instruments entered into with one or more counterparties (each a "Swap Counterparty")) the purpose of which is to exchange all or part of the invested proceeds to gain exposure to the performance, the inverse Daily performance or the leveraged Daily performance of the relevant Index.

Hybrid strategy

The Manager may use a combination of a futures-based replication strategy and a Swap-based synthetic replication strategy where the Manager believes such investments will help the relevant Product achieve its investment objective and beneficial to the relevant Product.

Change of Investment Strategy

The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to Unitholders before adopting a strategy other than the investment strategy for a Product as stated in the relevant Appendix (save for certain immaterial changes which do not require the SFC's approval).

Investment Restrictions

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

The Trustee will take reasonable care to ensure compliance with the investment and borrowing limitations set out in the constitutive documents and the conditions under which a Product was authorised.

The investment restrictions applicable to each Product (that are included in the Trust Deed) are summarised below:

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

(1) investments in Securities issued by such entity;

(2) exposure to such entity through underlying assets of financial derivative instrument ("FDI"); and

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

(b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of a Product's investments in, or exposure to, Entities within the Same Group through the following may not exceed 20% of the total Net Asset Value of the Product:

(1) investments in Securities issued by such entities;

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

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

(c) unless otherwise approved by the SFC, the value of a Product's cash deposits made with the same entity or Entities within the Same Group may not exceed 20% of the total Net Asset Value of the Product, unless:

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

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

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

For the purpose of this sub-paragraph (3), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by the Product and not referable to provision of property or services.

(d) ordinary shares issued by any single entity (other than Government and other Public Securities) held for the account of a Product, when aggregated with other ordinary shares of the same entity held for the account of all other Products under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by the entity;

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

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

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

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

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

(g) notwithstanding (a), (b) and (d), not more than 30% of the total Net Asset Value of a Product may be invested in Government and other Public Securities of the same issue, except for a Product which has be authorised by the SFC as an index fund, this limit may be exceeded with the approval of the SFC;

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

(i) unless otherwise approved by the SFC, a Product may not invest in physical commodities;

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

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

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

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

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

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

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

information are disclosed in the Prospectus of the Product,

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

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

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

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

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

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

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

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

(2) the Prospectus must state that:

(i) the Product is a feeder fund into the master fund;

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

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

(iv) the aggregate amount of all the fees and charges of the Product (i.e. Feeder fund) and its underlying master fund must be clearly disclosed;

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

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

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

The Manager shall not on behalf of a Product:

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

(B) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs)). In the case of investments in such shares and REITs, they shall comply with the relevant investment restrictions and limitations set out in Chapter 7.1, 7.1A, 7.2, 7.3 and 7.11 of the Code, where applicable. For the avoidance of doubt, where investments are made in listed REITs, 7.1, 7.1A and 7.2 apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then 7.3 and 7.11 apply respectively;

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

(D) lend or make a loan out of the assets of a Product, except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;

(E) subject to (e), assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for Reverse Repurchase Transactions in compliance with the Code;

(F) enter into any obligation in respect of a Product or acquire any asset or engage in any transaction for the account of a Product which involves the assumption of any liability which is unlimited; or

(G) apply any part of the Product in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of the Product whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs for the purposes of Chapters 7.29 and 7.30 of the Code.

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

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

(a) the relevant Product adopts a representative sampling strategy which does not involve full replication of the constituent Securities of the Index in the exact weightings of such Index;

(b) the strategy is clearly disclosed in the relevant Appendix;

(c) the excess of the weightings of the constituent Securities held by the relevant Product over the weightings in the Index is caused by the implementation of the representative sampling strategy;

(d) any excess weightings of the relevant Product’s holdings over the weightings in the Index must be subject to a maximum limit reasonably determined by the relevant Product after consultation with the SFC. In determining this limit, the relevant Product must consider the characteristics of the underlying constituent Securities, their weightings and the investment objectives of the Index and any other suitable factors;

(e) limits laid down by the relevant Product pursuant to the point above must be disclosed in the relevant Appendix;

(f) disclosure must be made in the relevant Product’s interim and annual reports as to whether the limits imposed by such Product itself pursuant to the above point (d) have been complied with in full. If there is non-compliance with the said limits during the relevant reporting period, this must be reported to the SFC on a timely basis and an account for such non-compliance should be stated in the report relating to the period in which the non-compliance occurs or otherwise notified to investors.

Securities Financing Transactions

Where indicated in the relevant Appendix, a Product may enter into Securities Lending Transactions, Sale and Repurchase Transactions and Reverse Repurchase Transactions (“Securities Financing Transactions”), provided that they are in the best interests of the Unitholders, the associated risks have been properly mitigated and addressed, and the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

A Product which engages in securities financing transactions is subject to the following requirements:

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

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

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

Further, details of the arrangements are as follows:

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

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

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

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

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

There is no current intention for any Product to engage in securities financing transactions, but this may change in light of market circumstances and where a Product is to engage in these types of transactions, prior approval shall be obtained from the SFC (if required) and no less than one month's prior notice will be given to the Unitholders.

Financial Derivative Instruments

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of a Product enter into any transactions in relation to Swaps or other FDIs.

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

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

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

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

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions. Hedging arrangement should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the Product to meet its hedging objective in stressed or extreme market conditions.

Unless otherwise stated in the relevant Appendix, each Product may acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that the Product's net exposure relating to these FDIs ("net derivative exposure") does not exceed 50% of its total Net Asset Value (unless otherwise approved by the SFC for a Product pursuant to Chapter 8.8 or Chapter 8.9 of the Code). For the avoidance of doubt:

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

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

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

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

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

(A) the underlying assets consist solely of shares in companies, debt Securities, money market instruments, units/shares of collective investment schemes, deposits with Substantial Financial Institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates or currencies or other asset classes acceptable to the SFC, in which the Product may invest according to its investment objectives and policies. Where a Product invests in index-based FDIs, the underlying assets of such FDIs are not required to be aggregated for the purposes of the investment restrictions or limitations set out in Chapters 7.1, 7.1A, 7.1B and 7.4 of the Code provided that the relevant Index is in compliance with Chapter 8.6(e) of the Code;

(B) the counterparties to over-the-counter FDI transactions or their guarantors are Substantial Financial Institutions or such other entity acceptable to the SFC on a case-by-case basis;

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

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

A Product shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis.

For the purposes herein, assets that are used to cover a Product's payment and delivery obligations incurred under transactions in FDIs should be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

A transaction in FDIs which gives rise to a future commitment or contingent commitment of a Product should also be covered as follows:

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

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

The above policies relating to FDIs apply to financial instruments which embeds a financial derivative as well. For the purposes herein, an "embedded financial derivative" is a financial derivative instrument that is embedded in another security.

Collateral

Collateral received from counterparties shall comply with the following requirements:

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

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

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

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

- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or Entities within the Same Group and a Product's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the Code;

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

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

- Independent custody – collateral must be held by the Trustee (including any custodian or sub-custodian duly appointed by the Trustee in accordance with the Trust Deed);

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

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

- For the purpose herein, "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. Any re-investment of cash collateral shall be subject to the following further restrictions and limitations:

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

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

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

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

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

- eligible collateral include cash, cash equivalents, government bonds, supranational bonds, corporate bonds, debt securities, stocks, funds and money market instruments ;
- the issuer of collateral must be of high quality including governments, supranationals, government agencies, substantial financial institution, policy banks or government guaranteed entities with an investment grade credit rating. The rating by a recognised credit rating agency shall be taken into account in the credit assessment process. Securities rated with a non-investment grade credit rating is not eligible for collateral purpose. There is no criteria for country of origin of the counterparty;
- no maturity constraints will apply to the collateral received;
- regular stress tests are carried out under normal and exceptional liquidity conditions to enable an adequate assessment of the liquidity risks attached to the collateral;
- the haircut policy takes account of market volatility, the foreign exchange volatility between collateral asset and underlying agreement, liquidity and credit risk of the collateral assets, and the counterparty's credit risk (for each eligible security type). Haircuts shall be set to cover the maximum expected decline in the market price of the collateral asset (over a conservative liquidation horizon) before a transaction can be closed out. Cash collateral will not be subject to haircut;
- the collateral would be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer;
- the collateral received would be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- collateral must be readily enforceable by the Trustee and may be subject to netting or set-off;
- cash collateral will generally not be used for reinvestment purposes unless otherwise determined by the Manager and notified to investors.

Where a Product receives collateral, a description of holdings of collateral (including but not limited to a description of the nature of collateral, identity of the counterparty providing the collateral, value of the Product (by percentage) secured/ covered by collateral with breakdown by asset class/nature and credit rating (if applicable)) will be disclosed in the Product's annual and interim reports for the relevant period as required under Appendix E of the Code.

Structured Funds

The Products seek to invest their respective investment objective primarily through investment in FDIs. The Products are passively managed and track the performance or leveraged or inverse performance of an index and their net derivative exposure exceeds 50% of their respective Net Asset Value. As such the Products are known as structured funds under the Code. The core requirements in Chapter 7 of the Code (as set out in the Trust Deed and summarised above under "Investment Restrictions") will apply with the modifications, exemptions or additional requirements as set out under 8.8 of the Code (as set out in the Trust Deed and summarised below):

(a) the Manager and the issuer of FDIs shall be independent of each other;

(b) the valuation of the FDIs shall meet the requirements set out in paragraph (D) under "Financial Derivative Instruments" in this section;

(c) notwithstanding paragraph (C) under "Financial Derivative Instruments" in this section, a Product should maintain full collateralisation and there should be no net exposure to any single counterparty of the over-the-counter FDIs;

(d) the collateral shall meet the requirements set out in "Collateral" under this section and the disclosure requirements set out in "Collateral" above; and

(e) the Manager shall put in place a detailed contingency plan regarding credit events such as significant downgrading of credit rating and the collapse of the issuer of FDIs.

Borrowing Policy

Borrowing against the assets of a Product is allowed up to a maximum of 10% of its total Net Asset Value. Where the Manager so determines, a Product's permitted borrowing level may be a lower percentage or more restricted as set out in the relevant Appendix. Securities Lending Transactions and Sale and Repurchase Transactions in compliance with the requirements as set under the section entitled "Securities Financing Transactions" above are also not borrowings for the purpose of, and are not subject to the borrowing restrictions under this section.

Subject to the relevant Appendix, the Trustee may on instruction of the Manager borrow for the account of a Product any currency, and charge or pledge assets of the Product, for the following purposes:

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

(b) enabling the Manager to acquire Securities for the account of the Product; or

(c) for any other proper purpose as may be agreed by the Manager and the Trustee, except to enhance the performance of any Product.

Business Contingency Plan

The Manager has put in place business contingency plans which will be activated whenever there is a credit event (as described below) of the Swap Counterparty of the relevant Swap, or whenever the Manager shall assess that the risk of the occurrence of a credit event is materially high. Should a bankruptcy event that affects the Swap Counterparty of the relevant Swap occur, a Product employing synthetic replication may lose an amount equal to the marked-to-market value of the relevant Swap.

If the Business Contingency Plan is triggered, the Manager will issue an announcement as soon as practicable.

In addition to such Business Contingency Plan arrangements and announcements, the Manager will also notify the SFC immediately where it becomes aware of any of the events which may trigger this Business Contingency Plan.

The following is an overview of such contingency plans. Investors should note that the Manager's contingency plans are subject to changes by the Manager from time to time as the circumstances may justify. In any case, the Manager will ensure that the interests of the Unitholders will not be adversely affected. The Manager will issue an announcement in respect of any material change(s) to the business contingency plans as soon as practicable, which may, in some cases, be after the relevant change(s) has/have been implemented.

The Manager will trigger the business contingency plan under the following events:

(a) event of default affecting the Swap Counterparty(ies) of the relevant Swap(s);

(b) downgrading of the long term debt credit rating(s) of the relevant Swap Counterparty(ies) or its guarantor(s) or, the relevant group company(ies) of the relevant Swap Counterparty to a rating below BBB by Standard & Poor's (or an equivalent rating given by Moody's or by Fitch);

(c) the spread of 5 years credit default swap (if applicable) in respect of the relevant Swap Counterparty or its guarantor(s) is traded or quoted on the relevant Market at 5 per cent. or above;

(d) any other event (including, without limitation, licence suspension, significant litigation linked to the activities of the Swap Counterparty in the derivatives business, reputation, forced early termination of Swap by Swap Counterparty, limited or no access to exposure which fulfil the fund investment objective as a counterparty etc.) which would materially affect the Swap Counterparty's fitness and properness to act as the counterparty of the relevant Product under the relevant Swap, or any material risk of occurrence of such event; or

(e) if, in the actual knowledge of the Manager, (i) the relevant Swap Counterparty or its guarantor(s) ceases to be a substantial financial institution (as defined under the Code) or (ii) such entity is not acceptable to the SFC under the Code.

Upon the occurrence of any of the above situations, to the extent permitted under applicable law and regulation and/ or the terms of the applicable Swap transaction, the Manager would then opt for one or more of the following remedial actions, depending on the nature of the above situation, and other factors including the size of the exposure to the relevant Swap Counterparty(ies) and surrounding circumstances such as timing and market factors:

(a) The Manager may unwind the affected Swap(s) as soon as possible in accordance with the terms of the relevant Swap transactions or in a measured manner, having regard to the best interest of the relevant Unitholders. The Manager will readjust the relevant Product's exposure with other Swap Counterparty(ies).

(b) The Manager may decide to replace the Swap Counterparty(ies) as soon as possible in accordance with the terms of the relevant Swap transactions and select, as soon as possible and on a best effort basis (or replace the investment exposure by using instruments complied with fund investment restriction e.g. FDIs, collective investment schemes), a new counterparty(ies) in accordance with the investment strategy of the relevant Product, and will enter into a new Swap(s) with similar terms as the relevant Swap(s) with such newly selected counterparty. The new counterparty(ies) would be selected using criteria including, but not limited to, execution prices, total direct and indirect transaction costs, probability and promptness of execution and delivery (if applicable). In such cases, the relevant Product will enter into the new Swap(s) as soon as possible with the new counterparty(ies). The Manager would then inform the SFC of the selection of the new counterparty(ies) and the entering into of the new Swap(s) with the new counterparty(ies). Alternatively, the Manager may also propose a restructuring of the relevant Product by using other instruments similar to the relevant Swap(s), in the case where no suitable new counterparty(ies) is/are available. Such restructuring would then be subject to review and approval by the relevant authorities, including the SFC. This Prospectus would then be amended accordingly for the purpose providing the updated information to the relevant Unitholders.

(c) The Manager may also consider asking the Swap Counterparty(ies) to settle any unrealised gain or loss (if any) on a Swap(s) in cash payment, where the market value of the Swap(s) will be nil immediately after such payment. If an amount is payable by the Swap Counterparty(ies) to a Product and the Swap Counterparty(ies) is insolvent or otherwise unable to pay the amount in full, the relevant Product will account for any loss. To mitigate such a loss, the Manager intends to adopt a multiple counterparty arrangement where a Product (via the Trustee) will enter into swap agreements with more than one Swap Counterparty.

(d) The Manager may suspend creation and redemption of the relevant Product.

(e) Eventually, if there is no new counterparty acceptable to the Manager and/or as a result of one or more Swap Counterparty(ies) becoming subject to resolution pursuant to an applicable recovery and resolution regime preventing or limiting the exercise of the other remedial actions provided above and if, as a result, the Manager is of the view that the relevant Product is not able to achieve its investment objective, which is to track the movements in the relevant Index, the Manager may decide to terminate the relevant Product.

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in a Product

There are two methods of making an investment in a Product and of disposing of Units to realise an investment in a Product.

The first method is to create or to redeem Units at Net Asset Value directly with the Product in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the relevant Product. Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals. Participating Dealers are under no obligations to create or redeem Units for their clients and may impose terms, including charges, for handling creation or redemption orders as they determine appropriate, as described in more detail in this section.

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

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

Creation of Units through Participating Dealers

Any application for the creation of Units of a Product must only be made through a Participating Dealer in respect of an Application Unit size or whole multiple thereof (save and except for application during the relevant Initial Offer Period) as set out in the “Key Information” section in the relevant Appendix. Investors cannot acquire Units directly from a Product. Only Participating Dealers may submit Creation Applications to the Registrar (with a copy to the Manager).

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

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit creation requests received from its clients, subject always to (i) mutual agreement between the relevant initial Participating Dealer and its clients as to its fees for handling such requests; (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to create Units for the relevant initial Participating Dealer on behalf of such clients (please refer to the sub-section on “Creation process” below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Creation Application); and (iv) mutual agreement between the relevant initial Participating Dealer and its clients as to the method of effecting such creation requests.

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

(a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;

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

(c) where acceptance of the creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements;

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

(e) during any period when the business operations of the Participating Dealer are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

Requirements relating to Creation Requests by potential investors

As of the date of this Prospectus, only cash creation is available to the Participating Dealers in respect of the Products.

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

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

The Application Unit size for a Product is the number of Units specified in the relevant Appendix. Save and except for application during the relevant Initial Offer Period, Creation Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum subscription for each Product is one Application Unit.

Creation process

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

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

(a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;

(b) specify the number of Units and the class of Units (where applicable) which is the subject of the Creation Application; and

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

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

(a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;

(b) where in the opinion of the Manager, acceptance of the Creation Application would have an adverse effect on the relevant Product;

(c) where in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the relevant market on which a Security and/or FDIs, as the case may be (that is a component of the Index for the relevant Product) has its primary listing;

(d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or FDIs as the case may be in the relevant Index;

(e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

(f) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;

(g) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a Creation Application in the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or

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

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

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

Where the Manager accepts a Creation Application from a Participating Dealer, it shall instruct the Trustee to effect (i) for the account of the Product, the creation of Units in Application Unit size in exchange for a transfer of cash; and (ii) the issue of Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

Issue of Units

Units will be issued at the Issue Price prevailing on the relevant Dealing Day, provided that the

Manager may add to such Issue Price a sum (if any) which represents an appropriate provision for Duties and Charges. Please refer to the section on "Issue Price and Redemption Value of Units" for the calculation of the Issue Price.

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

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

The creation and issue of Units pursuant to a Creation Application shall be effected on the relevant Settlement Day for the Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but (i) for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received, and (ii) the register will be updated on the relevant Settlement Day or the Dealing Day immediately following the Settlement Day if the settlement period is extended. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. An Extension Fee may be payable in relation to such an extension. See the section on "Fees and Expenses" for further details.

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

Fees relating to Creation Applications

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

In relation to cash creation of Units, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing the Product for the difference between:

(a) the prices used when valuing the Securities and/or FDIs, as applicable, of the Product for the purpose of such issue of Units; and

(b) the prices which would be used when acquiring the same Securities and/or FDIs, as applicable, if they were acquired by the Product with the amount of cash received by the Product upon such issue of Units.

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

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

Cancellation of Creation Applications

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

Manager.

The Trustee, after consultation with the Manager may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received the full amount of cash (including Transaction Fee, Duties and Charges) relating to the Creation Application by the relevant time on the Dealing Day.

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

Upon the cancellation of any creation order of any Units deemed created pursuant to a Creation Application as provided for above, any cash received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Participating Dealer (without interest) as soon as practicable and the relevant Units shall be deemed for all purposes never to have been created and the Participating Dealer shall have no right or claim against the Manager, the Trustee and/or the Service Agent in respect of such cancellation provided that:

(a) the Trustee may charge the relevant Participating Dealer an application cancellation fee (see the section on "Fees and Expenses" for further details);

(b) the Manager may at its absolute discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the Product, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Product as a result of such cancellation;

(c) the Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

(d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

Redemption of Units through Participating Dealers

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

A Participating Dealer may redeem Units on any Dealing Day for its own account or for the account of its clients in accordance with the Operating Guidelines, by submitting a Redemption Application to the Registrar (with a copy to the Manager).

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit redemption requests received from its clients, subject always to (i) mutual agreement between the relevant initial Participating Dealer and its clients as to its fees for handling such request(s); (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to redeem Units for the relevant initial Participating Dealer on behalf of its clients (please refer to the sub-section on "Redemption process" below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Redemption Application); and (iv) mutual agreement between the relevant initial Participating Dealer and its clients as to the method of effecting such redemption request.

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

(a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;

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

(c) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements;

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

(e) during any period when the business operations of the Participating Dealer are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

Requirements relating to redemption requests by Unitholders

As at the date of this Prospectus, only cash redemption is available to the Participating Dealers in respect of the Products.

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

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

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

Redemption process

A Participating Dealer may from time to time submit Redemption Applications in respect of a Product to the Registrar (with a copy to the Manager), following receipt of redemption requests from clients or where it wishes to redeem Units of the relevant Product for its own account.

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

To be effective, a Redemption Application must:

(a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;

(b) specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and

(c) include the certifications required in the Participation Agreement and Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of counsel (if any) as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

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

(a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;

(b) where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the relevant Product;

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

(d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

(e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or

(f) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a Redemption Application in the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

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

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

Where the Manager accepts a Redemption Application from a Participating Dealer, it shall (i) effect the redemption and cancellation of the relevant Units; and (ii) require the Trustee to transfer to the

Participating Dealer cash in accordance with the Operating Guidelines and the Trust Deed.

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

Redemption of Units

Any accepted Redemption Application will be effected on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and the Trustee) has been received and provided further that the Trustee shall have received (unless otherwise provided in the Operating Guidelines) the original (and not a faxed copy) of the certificates (if any) representing the Units to be cancelled (or an indemnity in terms acceptable to the Trustee) and the full amount of any amount payable by the Participating Dealer including the Transaction Fee and any other Duties and Charges have been either deducted or otherwise paid in full.

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

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

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

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

Fees relating to Redemption Applications

The Service Agent, the Registrar and/or the Trustee may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the same Product). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any amount due to the Participating Dealer in respect of such Redemption Application(s)) for the benefit of the Trustee, the Registrar and/or the Service Agent. See the section on “Fees and Expenses” for further details.

In relation to cash redemption of Units, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing a Product for the difference between:

(a) the prices used when valuing the Securities and/or FDIs, as applicable of the Product for the purpose of such redemption of Units; and

(b) the prices which would be used when selling the same Securities and/or FDIs, as applicable if they were sold by the Product in order to realise the amount of cash required to be paid out of the Product upon such redemption of Units.

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

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

Cancellation of Redemption Applications

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

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

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

(a) the Trustee may charge the relevant Participating Dealer an application cancellation fee (see the section on "Fees and Expenses" for further details);

(b) the Manager may at its discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the relevant Product, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities and/or FDIs made a Creation Application in accordance with the provisions of the Trust Deed plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the Product as a result of such cancellation;

(c) the Transaction Fee in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

(d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

Deferred Redemption

In the event that redemption requests are received for the redemption of Units representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Product and as permitted by the SFC) of the total number of Units in a Product then in issue, the Manager may direct the Trustee to reduce such requests rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may determine in respect of a Product) of the Units in the relevant Product then in issue. Units which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the relevant Product themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Product) of the Units in the relevant Product then in issue) in priority to any other Units in the relevant Product for which redemption requests have been received. Units will be redeemed at the Redemption Value prevailing on the Dealing Day on which they are redeemed.

Suspension of Creations and Redemptions

The Manager may, at its discretion, after consultation with the Trustee (and where practicable, after consultation with Participating Dealers) having regard to the best interests of the Unitholders, suspend the creation or issue of Units of any Product, suspend the redemption of Units of any Product and/or (subject to all applicable legal or regulatory requirements where payment of redemption proceeds exceeds one calendar month) delay the payment of any monies and transfer of any Securities and/or FDIs in respect of any Creation Application and/or Redemption Application in the following circumstances:

(a) during any period when trading on the SEHK or any other Recognised Stock Exchange or Recognised Futures Exchange is restricted or suspended;

(b) during any period when a market on which a Security and/or FDIs, as the case may be (that is a component of the Index) has its primary listing, or the official clearing and settlement depositary (if any) of such market, is closed;

(c) during any period when dealing on a market on which a Security and/or FDIs, as the case may be (that is a component of the Index) has its primary listing is restricted or suspended;

(d) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or FDIs, as the case may be in the official clearing and settlement depositary (if any) of such market is disrupted;

(e) during the existence of any state of affairs as a result of which delivery or purchase of Securities and/or FDIs, as appropriate or disposal of investments for the time being comprised in the relevant Product cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant Product;

(f) during any period when the Index for the relevant Product is not compiled or published;

(g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Product or when for any other reason the value of any Securities and/or FDIs or other property for the time being comprised in the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(h) during any period when the determination of the Net Asset Value of the relevant Product is suspended or if any circumstance specified in the section on “Suspension of Determination of Net Asset Value” below arises;

(i) during any period when the Swap (if any) cannot be adjusted or reset for any reason; or

(j) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee, in respect of any Creation Application and/or Redemption Application in the relevant Product is substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or

(k) if as result of the investment of the proceeds of issue of such Units in accordance with the investment objective of a Product, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer.

The Manager will, after consultation with the Trustee, having regard to the best interests of the Unitholders, suspend the right to subscribe for Units of the relevant Product if, or if as a result of the investment of the proceeds of issue of such Units in accordance with its investment objective, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer. Where the Products under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

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

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

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

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

Evidence of Unitholding

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

Restrictions on Unitholders

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

(a) a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or a Product suffering any adverse effect which the Trust or the Product might not otherwise have suffered;

(b) in the circumstances which, in the Manager's opinion, might result in the Trust or any Product, the Trustee or the Manager incurring any liability to taxation or suffering any other potential or actual pecuniary disadvantage or might result in the Trust or any Product, the Trustee or the Manager being subject to any additional regulatory compliance which the Trust or the relevant Product, the Trustee or the Manager might not otherwise have incurred, suffered or been subject to; or

(c) in breach of, or deemed by the Manager to be in breach of, any applicable anti-money laundering or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including without limitation the issue of any warranty or supporting document required to be given to the Trustee and the Manager.

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

Transfer of Units

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager. As all Units will be held in CCASS, the Manager's consent is deemed given where an investor is transferring his interest in Units within CCASS. A Unitholder is entitled to transfer Units held by him by using the standard transfer form issued by SEHK or by an instrument in writing in such other form (and if the transferor or the transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution) as the Trustee may from time to time approve. The transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. Each instrument of transfer must relate to a single Product only. If and to the extent that all Units are deposited, cleared and settled in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a Participant and to whose account any Units are for the time being allocated in accordance with the General Rules of CCASS.

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

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

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

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the SEHK with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker, the portfolio composition information which is made available to a Participating Dealer.

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

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

Units of the Products are accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Units.

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 HKSCC and HKSCC Operational Procedures in effect from time to time.

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

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

DETERMINATION OF NET ASSET VALUE

Calculation of Net Asset Value

The Net Asset Value of each Product will be calculated by the Administrator as at each Valuation Point applicable to the relevant Product, which may be different from the close of any Market, by calculating the value of the assets of the relevant Product and deducting the liabilities of the relevant Product, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various properties held by the relevant Product are valued:

(a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (in consultation with the Trustee) determines that some other method is more appropriate, be valued by reference to the price appearing to the Manager to be the official closing price, or if unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or, if the Trustee so requires, by the Manager after consultation with the Trustee; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager, the Trustee or its delegates may accept as sufficient evidence of the value of any asset of a Product or the cost price or sale price thereof, any market quotation or certification by a calculation agent, broker, any professional person, firm or association qualified in the opinion of the Trustee or its delegates or the Manager to provide such a quotation; and (v) the Manager, the Trustee or its delegates may rely upon the established practice and rulings of any market and any committees and officials thereof on which any dealing in any assets of the Product or other property is from time to time effected in determining what shall constitute a good delivery and any similar matters; and (vi) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds, mechanised and/or electronic systems of price/valuation dissemination and the prices provided by any such system shall be deemed to be the last traded prices.

(b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the last available bid or offer price for such unit, share or other interest;

(c) 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 or as otherwise valued as described in the Trust Deed; The value of the Swap invested by a Product, which is not listed or quoted on a recognised market, will be determined on each Dealing Day either by reference to electronic pricing systems (e.g. Bloomberg), or by the Swap Counterparty, which, in doing so, will be acting as the calculating agent. The value of the Swap will be calculated based on the mark-to-market value of such Swap (excluding any fees, commissions and other expenses in connection with the entry or negotiation of the Swap, and initial margin or deposits). Where the value is determined by the Swap Counterparty, the Manager will carry out an independent verification of this valuation on a daily basis. In addition, the Administrator will carry out an independent verification of the value of the Swap in accordance with its internal policy and the terms of the Swaps;

(d) except as provided for in paragraph (a) (iii) or (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended on behalf of the Product in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may at any time in consultation with the Trustee and shall at such times or at such intervals as the Trust shall, in consultation with the Trustee, request cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);

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

(f) notwithstanding the foregoing, the Manager in consultation with the Trustee may adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, it determines that such adjustment is more appropriate to fairly reflect the value of the investment.

The Administrator will perform any currency conversion at the rates which the Administrator and the Manager deem appropriate from time to time.

The value of the swap invested by a Product, which is not listed or quoted on a recognised market, will be determined on each Dealing Day either by reference to electronic pricing systems (e.g. Bloomberg), or by the Swap Counterparty, which, in doing so, will be acting as the calculating agent. The value of the swap will be calculated based on the mark-to-market value of such swap (excluding any fees, commissions and other expenses in connection with the entry or negotiation of the swap, and initial margin or deposits). Where the value is determined by the Swap Counterparty, the Manager will carry out an independent verification of this valuation on a daily basis. In addition, the Administrator will carry out an independent verification of the value of the swap in accordance with its internal policy and the terms of the swaps.

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

To the extent that the valuation or accounting basis adopted by the Products deviates from IFRS, the Manager may make necessary adjustments in the annual financial statements to comply with IFRS. Any such adjustments will be disclosed in the financial reports, including a reconciliation note to reconcile values arrived at by applying the Trust's valuation rules.

Suspension of Determination of Net Asset Value

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

(a) there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the relevant Product;

(b) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise a substantial part of the Securities and/or FDIs held or contracted for the account of that Product or it is not possible to do so without seriously prejudicing the interest of Unitholders of that Product;

(c) for any other reason the prices of investments of the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(d) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Product or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities and/or FDIs or other property for the time being comprised in the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(e) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, a substantial part of the Securities and/or FDIs or other property of that Product or the subscription or redemption of Units of the relevant Product is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange;

(f) the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of the determination of the Net Asset Value of the Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God;

(g) the existence of any state of affairs prohibiting the normal disposal of any notional investment to which a Swap is linked; or

(h) the existence of any state of affairs prohibiting the normal disposal of any notional investment to which a Swap entered into on behalf of the Product is linked.

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

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at http://www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC) or in such other publications as it decides.

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

Issue Price and Redemption Value

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

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

The Redemption Value on a Dealing Day shall be the prevailing Net Asset Value of the relevant Product as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down).

The benefit of any rounding adjustments will be retained by the relevant Product.

The latest Net Asset Value of the Units will be available before market opens on the day after the relevant Trading Day on the Manager's website at http://www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC) or published in such other publications as the Manager may decide from time to time.

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

FEES AND EXPENSES

There are different levels of fees and expenses applicable to investing in a Product as set out in the following table, current as at the date of this Prospectus. Where any levels of fees and expenses applicable to a particular Product differs from the following, such fees and expenses will be set out in full in the relevant Appendix.

(A) Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)	**Amount** **(applicable to CSOP NASDAQ-100 Index Daily (2x) Leveraged Product and CSOP Gold Futures Daily (2x) Leveraged Product)**	**Amount** **(applicable to CSOP CSI 300 Index Daily (2x) Leveraged Product)**
Administrative Transaction Fee and Service Agent Fee	Up to USD300[1] per Application	Up to RMB2,200[2] per Application
	HKD1,000[1] per book-entry deposit and book-entry withdrawal	HKD1,000[2] per book-entry deposit and book-entry withdrawal
Application Cancellation Fee	USD1,300[3] per Application	RMB10,000[3] per Application
Extension Fee	USD1,300[4] per Application	RMB10,000[4] per Application
Stamp duty	Nil	Nil
All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption	As applicable	As applicable
(B) Fees and expenses payable by investors	**Amount (applicable to all Products)**	
(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)		
Fees and charges imposed by the Participating Dealer[5]	Such amounts as determined by the relevant Participating Dealer	

[1] Up to USD300 is payable to the Trustee and HKD1,000 is payable to the Service Agent per book-entry deposit and book-entry withdrawal. A Participating Dealer may pass on to the relevant investor such Transaction Fee.

[2] Up to RMB2,200 is payable to the Trustee and HKD1,000 is payable to the Service Agent per book-entry deposit and book-entry withdrawal. A Participating Dealer may pass on to the relevant investor such Transaction Fee.

[3] An Application Cancellation fee is payable to the Trustee by the Participating Dealer in respect of either a withdrawn or failed Creation Application or Redemption Application. Cancellation compensation may also be payable pursuant to the terms of the Operating Guidelines.

[4] An extension fee is payable by the Participating Dealer to the Trustee on each occasion the Manager grants the Participation Dealer's request for extended settlement in respect of a Redemption Application.

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

(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)		
Brokerage	Market rates	
Transaction levy	0.0027%[6]	
Accounting and Financial Reporting Council ("AFRC") transaction levy	0.00015%[7]	
SEHK trading fee	0.00565%[8]	
Stamp duty	Nil	
Fees and expenses payable by the Product	(See further disclosure below)	

No money should be paid to any intermediary in Hong Kong which is not licensed or registered to carry on Type 1 regulated activity under Part V of the SFO.

Fees and Expenses Payable by a Product

Management Fee

Each Product employs a single management fee structure, with each Product paying all of its fees, costs and expenses (and its due proportion of any costs and expenses of the Trust allocated to it) as a single flat fee (the "Management Fee").

Fees and expenses taken into account in determining a Product's Management Fee include, but are not limited to, the Manager's fee, the Trustee's and Registrar's fee and the Service Agent's fee.

The Management Fee does not include brokerage and transaction costs such as the fees and charges relating to the investment and realising the investments of a Product and extraordinary items such as litigation expenses. The Management Fee is accrued daily, paid monthly in arrears.

The current Management Fee percentage in respect of each Product is set out in the relevant Appendix (up to a maximum of 3.0% per annum of the Net Asset Value of the relevant Product).

The Manager may pay a distribution fee to any distributor or sub-distributors of the Trust out of the Management Fee it receives from the Trust. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

Ongoing charges

The (i) estimated ongoing charges (where a Product is newly established) or actual ongoing charges of a Product, where applicable, which are the sum of ongoing expenses of the relevant Product expressed as a percentage of the estimated average Net Asset Value of the relevant Product, and (ii) the estimated annual average daily ongoing charges (where a Product is newly established) or actual average daily ongoing charges, where applicable, which are equal to the estimated or actual (as the case may be) ongoing charges divided by the number of Dealing Days of the relevant Product during the year, are set out in the relevant Appendix. Where a Product is newly established the Manager will make a best estimate of the ongoing charges and the annual

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

7 *AFRC transaction levy of 0.00015% of the price of the Units, payable by each of the buyer and the seller.*

8 *Trading fee of 0.00565% of the trading price of the Units, payable by the buyer and the seller.*

average daily ongoing charges and keep such estimates under review. The establishment costs of a Product will also be included in the ongoing charges calculation. Ongoing expenses are generally payments deducted from the assets of a Product where these are permitted by the Trust Deed, the Code and the law. These include all types of cost borne by a Product, whether incurred in its operation or the remuneration of any party. The estimated or actual ongoing charges do not represent the estimated or actual tracking error, and the estimated or actual annual average daily ongoing charges do not represent the estimated or actual annual average daily tracking error.

Brokerage rates

A Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Please refer to the relevant Appendix for further information on brokerage rates.

Swap fees and indirect costs

Please refer to the relevant Appendix for further information on swap fees and indirect costs.

Promotional Expenses

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

Other Expenses

The Products will bear all operating costs relating to the administration of the Products including but not limited to stamp and other duties, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges and other costs and expenses payable in respect of the acquisition, holding and realisation of any investment or any monies, deposit or loan, charges and expenses of its legal counsel, auditors and other professionals, index licensing fees, the costs in connection with maintaining a listing of the Units on the SEHK or other exchange and maintaining the Trust's and the Products' authorisation under the SFO, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds, any disbursements or out-of-pocket expenses properly incurred on behalf of the Products by the Trustee, the Manager or the Registrar or any of its service providers, the expenses incurred in convening meetings of Unitholders, preparing, printing and distributing annual and half-yearly financial reports and other circulars relating to the Products and the expenses of publishing Unit prices.

Swap Fees and Indirect Costs

Please refer to the relevant Appendix for further information on swap fees and indirect costs (if applicable).

Establishment Costs

The cost of establishing the Trust, CSOP NASDAQ-100 Index Daily (2x) Leveraged Product including the preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs including, if considered appropriate by the Manager, any additional costs of determining the stock code, will be borne by CSOP NASDAQ-100 Index Daily (2x) Leveraged Product (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and amortised over the first five financial years of CSOP NASDAQ-100 Index Daily (2x) Leveraged Product or such other period as determined by the Manager after consulting the Auditor. Such costs are estimated to be HKD0.8 million.

The cost of establishing CSOP Gold Futures Daily (2x) Leveraged Product including the preparation of the Appendix 2 to the Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs including, if considered appropriate by the Manager, any additional costs of determining the stock code, will be borne by CSOP Gold Futures Daily (2x) Leveraged Product (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and amortised over the first five financial years of CSOP Gold Futures Daily (2x) Leveraged Product or such other period as determined by the Manager after consulting the Auditor. Such costs are estimated to be HKD1.3 million.

The cost of establishing CSOP CSI 300 Index Daily (2x) Leveraged Product including the preparation of Appendix 3 of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs and including, if considered appropriate by the Manager, any additional costs of determining the stock code will not exceed HKD1.7 million and will be borne by CSOP CSI 300 Index Daily (2x) Leveraged Product (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and amortised over the first five financial years of CSOP CSI 300 Index Daily (2x) Leveraged Product.

The attention of the investors is drawn to the risk factor entitled “Valuation and accounting risk”.

Increase in Fees

The current fees in respect of each Product payable to the Manager and the Trustee as described in the relevant Appendix (which are included in the calculation of the Management Fee for the relevant Product) may be increased on one month’s notice to Unitholders (or such shorter period as approved by the SFC), subject to the maximum rates set out above. In the event that such fees are to be increased beyond the maximum rates set out in the Trust Deed, such increase will be subject to the Unitholders’ and the SFC’s approval.

RISK FACTORS

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

General Investment Risks

Investment Objective Risk

There is no assurance that the investment objective of a Product will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to minimise tracking error, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in a Product where the relevant Index moves in an unfavourable direction. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the relevant Product.

Market Risk

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

Asset Class Risk

Although the Manager is responsible for the continuous supervision of the investment portfolio of the Products, the returns from the types of Securities, Swaps and/or Futures Contracts in which each Product invests (either directly or indirectly) may underperform or outperform returns from other Securities, Swaps and/or Futures Contracts markets or from investment in other assets. Different types of Securities, Swaps and/or Futures Contracts tend to go through cycles of out-performance and underperformance when compared with other general Securities, Swaps and/or Futures Contracts markets.

Passive Investment Risk

The Products are not actively managed. Accordingly, the Products may be affected by changes in the market segments relating to the relevant Index or Indices. Under normal market circumstances, the Manager will not take defensive positions when the relevant Index moves in an unfavourable direction. In such circumstances, investors may lose a significant part of their respective investments. Each Product invests (either directly or indirectly) in the Securities, Swaps and/or Futures Contracts included in or representative of the relevant Index regardless of their investment merit, except to the extent of any representative sampling strategy. The Manager does not attempt to take defensive positions unless under extreme market circumstances, the Manager will adopt temporary defensive position for protection of the Product. Investors should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of the Products will mean that a fall in the relevant Index expected to result in a fall in the value of a leveraged Product, whereas a rise in the relevant Index expected to result in a fall in the value of an inverse Product, and investors may lose substantially all of their investment.

Possible Business Failure Risk

Global markets may experience 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 an Index may have an adverse effect on such Index and therefore a leveraged Product's performance. Investors may lose money by investing in leveraged Products.

Management Risk

Because there is no guarantee or assurance of exact or identical replication of the performance, the inverse performance or the leveraged performance (as the case may be) of the relevant Index by a Product at any time, a Product is 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. In addition, the Manager has absolute discretion to exercise Unitholders' rights with respect to Securities, Swaps and/or Futures Contracts comprising a Product. There can be no guarantee that the exercise of such discretion will result in the investment objective of the relevant Product being achieved.

Tracking Error Risk

The Net Asset Value of a Product may not correlate exactly with the performance, the leveraged performance or the inverse performance of the relevant Index. Factors such as the fees and expenses of a Product, imperfect correlation between a Product's assets and the Securities or FDIs constituting its Index, inability to rebalance a Product's holdings of Securities or FDIs in response to high portfolio turnover, costs of using FDIs, transaction costs, a temporary lack of liquidity in the markets for the Securities or FDIs held by a Product, changes in the constituents of the Index, rounding of Security or FDIs prices, inability to acquire the required number of Securities or FDIs due to limited Product size, changes to the Indices and regulatory policies may affect the Manager's ability to achieve close correlation with the performance, the leveraged performance or the inverse performance of the relevant Index. The level of fees, taxes and expenses payable by a Product will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of each Product can be estimated, the growth rate of the Product, and hence its Net Asset Value, cannot be anticipated. The above factors may cause each Product's returns to deviate from the performance, the leveraged performance or the inverse performance of its Index. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time to achieve the performance, the leveraged performance or the inverse performance (as the case may be) of the relevant Index.

Concentration Risk

A Product may be subject to concentration risk as a result of tracking the performance, the inverse performance or the leveraged performance (as the case may be) of a single geographical region. Such a Product is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions (where the relevant Product tracks the performance or leveraged performance of the relevant Index) or positive conditions (where the relevant Product tracks the inverse performance of the relevant Index) in the relevant region.

Trading Risk

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

Loss of Capital Risk

There is no guarantee that a Product's investments will be successful. In addition, trading errors are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

No or Limited Trading Market in the Units Risk

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

Counterparty to Custodian Risk

The Products will be exposed to the credit risk of any custodian or any depository used by the custodian where cash is held by the custodian or other depositaries. In the event of the insolvency of the custodian or other depositaries, a Product will be treated as a general creditor of the custodian or other depositaries in relation to cash holdings of the relevant Product. The Product's Securities are however maintained by the custodian or other depositaries in segregated accounts and should be protected in the event of insolvency of the custodian or other depositaries.

Indemnity Risk

Under the Trust Deed, the Trustee and the Manager have the right to be indemnified against any liability in performing their respective duties, except nothing in the Trust Deed may provide that the Trustee or the Manager can be exempted from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, or be indemnified against such liability by Unitholders or at Unitholders' expense. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the relevant Product and the value of the Units.

Distributions May Not be Paid Risk

Whether a Product will pay distributions on Units is subject to the Manager's distribution policy (as described in the "Distribution Policy" section and in the relevant Appendix) and also mainly depends on dividends declared and paid in respect of the Securities of the Index held by the Product, where each Product holds Securities as part of its investment strategy. In addition, dividends received by a Product may be applied towards meeting the costs and expenses of that Product. 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.

Distributions Out Of or Effectively Out Of Capital Risk

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

Early Termination Risk

A Product may be terminated early under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than USD10,000,000 or (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the relevant Product or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed or (iv) the relevant Index is no longer available for benchmarking or if the Units are no longer listed on the SEHK or any other Recognised Stock Exchange or (v) at any time, the relevant Product ceases to have any Participating Dealer or Market Maker or (vi) the Manager is unable to implement its investment strategy in respect of the Product. Upon a Product being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the relevant Product to the Unitholders in accordance with the Trust Deed. Investors may suffer a loss when a Product is terminated because any such amount distributed may be more or less than the capital invested by the Unitholder.

Borrowing Risk

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

Government Intervention and Restriction Risk

Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of the Product, and may have an unpredictable impact on the Products, including increasing or decreasing the level of premium or discount of the Unit price to Net Asset Value or the ability of the Products to track the relevant Index. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of an Index and as a result the performance of the relevant Product.

No Right to Control the Product's Operation Risk

Investors will have no right to control the daily operations, including investment and redemption decisions, of the Products.

Reliance on the Manager Risk

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 with the requisite skills and qualifications quickly or at all and the new appointment may not be on equivalent terms or of similar quality.

Foreign Exchange Risk

If a Product's assets are generally invested (either directly or indirectly) in Securities, Swaps or Futures Contracts denominated other than in its base currency, and if a substantial portion of the revenue and income of a Product is received in a currency other than its base currency, any fluctuation in the exchange rate of the base currency relative to the relevant foreign currency will affect the Net Asset Value of a Product regardless of the performance of its underlying portfolio. If the relevant Product's Net Asset Value is determined on the basis of USD, an investor may lose money if he invests in any investment fund if the local currency of a foreign market depreciates against the USD, even if the local currency value of the Product's holdings goes up.

Risks Associated with Financial Derivative Instruments and Collateral

The Manager may invest a Product in constituents of the relevant Index through financial derivative instruments. A financial 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 or an index and may have a high degree of price variability and are subject to occasional rapid and substantial changes. Compared to conventional Securities, financial 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 financial derivative instrument may result in immediate and substantial loss (or gain) to the relevant Product. The relevant Product's losses may be greater if it invests in financial derivative instruments than if it invests only in conventional Securities.

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

In addition, many financial derivative instruments are not traded on exchanges. As a result, if the relevant Product engages in transactions involving financial 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 Product trades, and as such the relevant Product may suffer a total loss of the relevant Product's interest in the financial 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 financial derivative instruments does not entitle the financial 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 financial derivative instruments will equal the underlying value of the company or securities market that it may seek to replicate or obtain inverse or leveraged exposure.

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

A Product uses investment techniques, including investments in derivatives, such as Futures Contracts and Swaps that may be considered aggressive. The use of derivatives may result in larger losses or smaller gains than investing in or shorting the Securities included in the relevant Index. Investments in these derivatives may generally be subject to market risks that cause their prices to fluctuate more than an investment directly in a security and may increase the volatility of Product. The use of derivatives may expose each Product to additional risks such as counterparty risk, liquidity risk and increased daily correlation risk. When a Product uses derivatives, there may be imperfect correlation between the value of the underlying reference assets and the derivative, which may prevent each Product from achieving its investment objective.

A Product may use either a futures-based strategy, a swap-based synthetic strategy or a combination of both strategies. With respect to the use of swap agreements, if the underlying index has a dramatic intraday move in value that causes a material decline in the Product's Net Asset Value, the terms of the swap agreement between each Product and its Swap Counterparty may allow the Swap Counterparty to immediately close out of the transaction with the Product. In such circumstances, each Product may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with the Product's Daily inverse or leveraged investment objective. Any financing, borrowing or other costs associated with using derivatives may also have the effect of lowering the Product's return. In addition, the Product's investments in derivatives are subject to the following risks:

- Swaps. Swaps are entered into primarily with major global financial institutions for a specified period which may range from one day to more than one year. In a standard swap transaction, two parties agree to exchange the return (or differentials in rates of return) earned or realised on particular predetermined reference or underlying Securities or instruments. The gross return to be exchanged or swapped between the parties is calculated based on a notional amount or the return on or change in value of a particular dollar amount invested in a basket of Securities representing a particular index. Total return swaps are subject to counterparty risk, which relates to credit risk of the Swap Counterparty and liquidity risk of the Swaps themselves.

- Futures Contracts. A futures contact is a contract to purchase or sell a particular security, or the cash value of an index, at a specified future date at a price agreed upon when the contract is made. Under such contracts, no delivery of the actual Securities is required. Rather, upon the expiration of the contract, settlement is made by exchanging cash in an amount equal to the difference between the contract price and the closing price of a security or index at expiration, net of the variation margin that was previously paid.

Counterparty Risk

Each Product may invest in Futures Contracts and/or Swaps involving counterparties for the purpose of attempting to gain inverse or leveraged exposure to a relevant index without actually purchasing those Securities or investments. The use of these derivatives involves risks that are different from those associated with Securities. For example, each Product is exposed to the risk that the Swap Counterparty may be unwilling or unable to make timely payments to meet its contractual obligations or may fail to return holdings that are subject to the agreement with the Swap Counterparty. If the Swap Counterparty becomes bankrupt or defaults on its payment obligations to the Product, it may not receive the full amount it is entitled to receive. In addition, each Product may enter into swap agreements with a limited number of counterparties, which may increase the Product's exposure to counterparty credit risk. Each Product does not specifically limit its counterparty risk with respect to any single counterparty and there is a chance for each Product to have single counterparty. Further, there is a risk that no suitable counterparties are willing to enter into, or continue to enter into, transactions with each Product and, as a result, each Product may not be able to achieve its investment objectives. A Product will not enter into any agreement involving a Swap Counterparty unless the Manager believes that the other party to the transaction is creditworthy.

Liquidity Risk

Some Securities held by a Product, including derivatives, may be difficult to sell or illiquid, particularly during times of market turmoil. Illiquid Securities may also be difficult to value. Markets for Securities or financial instruments could be disrupted by a number of events, including, but not limited to an economic crisis, natural disasters, new legislation or regulatory changes. Illiquid Securities may also be difficult to value. If a Product is forced to sell an illiquid security at an unfavourable time or at a price that is lower than Manager's judgment of the Security's true market value, each Product may be forced to sell the security at a loss. Such a situation may prevent each Product from limiting losses, realising gains or achieving its inverse or leveraged investment objective, thus adversely affecting the Product's performance.

Risks relating to securities lending transactions

Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

Risks relating to Sale and Repurchase Transactions

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

Risks relating to Reverse-Repurchase Transactions

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

Risks Associated with Market Trading

Absence of Active Market and Liquidity Risk

Although Units of each Product are listed for trading on the SEHK, there can be no assurance that an active trading market for such Units will develop or be maintained. In addition, if the underlying Securities, Swaps or Futures Contracts have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. If an investor needs to sell his, her or its Units at a time when no active market for them exists, the price received for the Units — assuming an investor is able to sell them — is likely to be lower than the price received if an active market did exist.

Suspension of Trading Risk

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

Effect of Redemptions Risk

If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the relevant Product'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 each Product then in issue (or such higher percentage as the Manager may determine and as permitted by the SFC) may be deferred, or the period for the payment of redemption proceeds may be extended.

In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of a Product for the whole or any part of any period. Please see the section on "Determination of Net Asset Value" for further details.

Units May Trade at Prices Other than Net Asset Value Risk

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

Cost of Trading Units Risk

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

Secondary Market Trading Risk

Units in a Product may trade on the SEHK when the relevant Product 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 relevant Product accepts subscription and redemption orders.

Reliance on Market Makers Risk

Although it is a requirement that the Manager uses its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units of each Product, there may be circumstances such as the revocation of the relevant market making approvals or registration or other changes beyond the control of the Manager that may result in the sudden loss of a market maker for a Product. If there is no market maker for the Units, a Product may be required by the SFC to be terminated if it tracks the leveraged or inverse performance of an index. Termination will take place at about the same time as the resignation of the last Market Maker becoming effective and advance notice of termination will be issued to investors pursuant to the Code. The Manager will seek to mitigate this risk by using its best endeavours to put in place arrangements so that at least one Market Maker (with relevant experience in leveraged or inverse products, as the case may be) for the Units of each Product gives not less than 3 months' notice prior to terminating market making under the relevant market making agreements. It is possible that there is only one SEHK Market Maker to a Product or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker. There is also no guarantee that any market making activity will be effective.

Reliance on Participating Dealers Risk

The creation and redemption of Units may only be effected through Participating Dealers. A Participating Dealer may charge a fee for providing this service. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of Securities through the CCASS is disrupted or the Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs that impedes the calculation of the Net Asset Value of the relevant Product or disposal of the relevant Product's Securities, Swaps or Futures Contracts cannot be effected. Where a Participating Dealer appoints an agent or delegate (who is a Participant) to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative agent or delegate, or if the agent or delegate ceases to be a Participant, the creation or realisation 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 only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

Trading Time Differences Risk

As a stock exchange or futures exchange may be open when the Units are not priced, the value of any Security or FDIs which comprises the Index may change when investors may not be able to buy or sell Units. Further the price of Securities, Swaps or Futures Contracts may not be available during part of the Trading Day due to trading hour differences which may result in the trading price of Units deviating from the Net Asset Value per Unit. When trading FDIs there may be a time difference between the trading times of the FDIs and the underlying index constituents. There may be imperfect correlation between the value of the index constituents and the FDIs (basis risk), which may prevent a Product from achieving its investment objective.

Intra-day Investments Risk

A Product seeks Daily inverse or leveraged investment results, which should not be equated with seeking an investment objective for shorter than a day. Thus, return for investors that invest for period less than a full Trading Day will generally be greater than or less than the inverse or leverage factor for the Product, depending upon the movement of the Index from the end of one Trading Day until the time of purchase. If the Index moves in a direction favourable to a Product, the investor will receive exposure to the underlying index less than the inverse or leverage factor. Conversely, if the Index moves in a direction adverse to a Product, the investor will receive exposure to the Index greater than the inverse or leverage factor.

Risks Associated with the Indices

Fluctuations Risk

The performance of the Units should, before fees and expenses, correspond closely with the performance, the inverse performance or the leveraged performance (as the case may be) of the Index. If the Index experiences volatility or fluctuations, the price of the Units will vary and may decline.

Licence to Use Index may be Terminated Risk

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

Compilation of Index Risk

The Securities and/or FDIs of each Index are determined and composed by the relevant Index/Benchmark Provider without regard to the performance of the relevant Product. The Products are not sponsored, endorsed, sold or promoted by the Index/Benchmark Provider(s). Each Index/Benchmark Provider makes no representation or warranty, express or implied, to investors in the Products or other persons regarding the advisability of investing in Securities and/or FDIs generally or in the Products particularly. Each Index/Benchmark Provider has no obligation to take the needs of the Manager or investors in the Products into consideration in determining, composing or calculating the Index or Indices. There is no assurance that an Index/Benchmark Provider will compile the relevant Index accurately, or that the Index will be determined, composed or calculated accurately. In addition, the process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index/Benchmark Provider without notice. Consequently there can be no guarantee that the actions of an Index/Benchmark Provider will not prejudice the interests of the relevant Product, the Manager or investors.

Composition of an Index May Change Risk

The Securities and/or FDIs constituting an Index will change as the Securities and/or FDIs of the Index are delisted, or as the Securities and/or FDIs mature or are redeemed or as new Securities and/or FDIs are included in the Index. When this happens the weightings or composition of the Securities and/or FDIs owned by the Products (either directly or indirectly) will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the performance, the leveraged performance or the inverse performance (as the case may be) of the relevant Index as its constituents change and not necessarily the way the relevant Index is comprised at the time of an investment in Units. However, there can be no guarantee that the Products will, at any given time accurately reflect the composition of the Index.

Risks Associated with Regulation

Withdrawal of SFC Authorisation Risk

The Trust and each Product have been authorised as a collective investment scheme under the Code by the SFC under Section 104 of the SFO. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. This does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC reserves the right to withdraw the authorisation of the Trust or any Product or impose such conditions as it considers appropriate or to withdraw any waiver from the Code or revise the same. If the Manager does not wish the Trust or any Product to continue to be authorised by the SFC, the Manager will give Unitholders at least three months' notice of the intention to seek SFC's withdrawal of such authorisation. In addition, any authorisation granted by the SFC may be subject to certain conditions or waivers from the Code which may be withdrawn or varied by the SFC. If, as a result of such withdrawal or variation of conditions or waivers from the Code, it becomes illegal, impractical or inadvisable to continue the Trust or any Product, the Trust or the relevant Product (as applicable) will be terminated.

General Legal and Regulatory Risk

Each Product must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objectives followed by the Product. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Index and as a result, the performance of the relevant Product. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Product. In the worst case scenario, a Unitholder may lose a material part of its investments in a Product.

Units May be Delisted from the SEHK Risk

The SEHK imposes certain requirements for the continued listing of securities, including the Units, on the SEHK. Investors cannot be assured that a Product 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, Unitholders will have the option to redeem their Units by reference to the Net Asset Value of the Product. Where each Product remains authorised by the SFC, such procedures required by the Code will be observed by the Manager including as to notices to Unitholders, withdrawal of authorisation and termination, as may be applicable. Should the SFC withdraw authorisation of the Products for any reason it is likely that Units may also have to be delisted.

Taxation Risk

Investing in a Product 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.

Legal and Compliance Risk

Domestic and/or international laws or regulations may change in a way that adversely affects the Trust or the Products. Differences in laws between jurisdictions may make it difficult for the Trustee or Manager to enforce legal agreements entered into in respect of the Products. The Trustee and the Manager reserve the right to take steps to limit or prevent any adverse effects from changes to laws or their interpretation, including altering investments of or restructuring the Products.

Valuation and Accounting Risk

The Manager intends to adopt IFRS in drawing up the annual financial reports of the Products. However, the calculation of the Net Asset Value in the manner described under the section on "Determination of Net Asset Value" will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Under IFRS, investments should be valued at fair value (valuations within the bid and offer pricings are considered to be representative of fair value for listed investments) rather than last traded price, and establishment costs should be expensed as incurred rather than amortised over a period of time. Accordingly, the Net Asset Value as described in this Prospectus will not necessarily be the same as the net asset value to be reported in the financial reports as the Manager will make necessary adjustments in the financial reports to comply with IFRS (although the Manager does not consider the differences between IFRS and the calculation of Net Asset Value are material). Any such adjustments will be disclosed in the financial reports, including a reconciliation. Otherwise, non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the financial reports depending on the nature and level of materiality of the non-compliance.

Contagion across Products Risk

The Trust Deed allows the Trustee and the Manager to issue Units in separate Products as separate trusts. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various Products under the Trust (liabilities are to be attributed to the specific Product 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 Product (in the absence of the Trustee granting that person a security interest). However, each of the Trustee and the Manager will have a right of reimbursement and indemnity out of the assets of the Trust as a whole or any part thereof, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, which may result in Unitholders of one Product being compelled to bear the liabilities incurred in respect of another Product in which such Unitholders do not themselves own Units, if there are insufficient assets in that other Product to satisfy the amount due to the Trustee or the Manager (as the case may be). Accordingly, there is a risk that liabilities of one Product may not be limited to that particular Product and may be required to be paid out of one or more other Product.

Non-recognition of Product Segregation Risk

The assets and liabilities of each of the Products under the Trust will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Products, and the Trust Deed provides that the assets of each of the Products should be segregated as separate trusts from each other. There is no guarantee that the courts of any jurisdiction outside Hong Kong will respect the limitations on liability and that the assets of any particular Product will not be used to satisfy the liabilities of any other Product.

Risks associated with Foreign Account Tax Compliance Act

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

In general, an FFI which does not sign an FFI Agreement or is not otherwise exempt will face a punitive 30% withholding tax on all “withholdable payments” derived from US sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition, starting from 1 January 2019, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest are treated as “withholdable payments.” It is expected that certain non-US source payments attributable to amounts that would be subject to FATCA withholding (referred to as “passthru payments”) will also be subject to FATCA withholding, though the definition of “passthru payment” in US Treasury Regulations is currently pending.

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

Under the IGA, FFIs in Hong Kong (such as the Trust and each Product) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to recalcitrant accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the US IRS) or close those recalcitrant accounts (provided that information regarding such recalcitrant account holders is reported to the

US IRS in a timely manner by the Inland Revenue Department of Hong Kong, which may be beyond the control of the Trust and the Products), but may be required to withhold tax on payments made to non-compliant FFIs.

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

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Trust or a Product, or a risk of the Trust or a Product being subject to withholding tax under FATCA, the Manager on behalf of the Trust and the relevant Product reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation and to the extent permitted by applicable laws and regulations, (i) reporting the relevant information of such Unitholder to the US IRS; and/or (ii) withholding, deducting from such Unitholder's account, or otherwise collecting any such tax liability from such Unitholder to the extent permitted by applicable laws and regulations. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds and in compliance with all applicable laws and regulations.

Each Product has been registered with the IRS as at the date of this Prospectus.

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

MANAGEMENT OF THE TRUST

The Manager

The Manager is CSOP Asset Management Limited 南方東英資產管理有限公司.

The Manager was established in January 2008 and is licensed to carry on Types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities under the SFO with CE Number ARN075.

The Manager, a subsidiary of China Southern Fund Management Co. Limited, was the first Hong Kong subsidiary set up by a PRC mainland fund house to carry out asset management and securities advisory activities in Hong Kong.

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

The directors of the Manager

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

Yi Zhou

Mr Zhou holds a degree in Computer Communication from the Nanjing University of Posts and Telecommunications and has 16 years of experience in the securities industry. Mr Zhou once worked on technology management in the telecommunications center of Jiangsu Posts & Telecommunications Bureau and administrative management at Jiangsu Mobile Communication Co., Ltd. He served as the Chairman of the Board of Directors at Jiangsu Beier Co., Ltd. and Nanjing Xinwang Tech Co., Ltd., and the Deputy General Manager of Shanghai Beier Fortune Communications Company.

Mr Zhou is the CEO, Chairmen of Executive Committee, and Executive Director of Huatai Securities Co., Ltd., and is appointed as the Chairman of China Southern Asset Management Co. Ltd. in May 2022. Mr Zhou joined Huatai Securities in August 2006 and served as the President and party secretary of Huatai Securities Co., Ltd. Mr. Zhou, from June 2016 to December 2019, served as the Chairman of the Board of Directors of Huatai Securities Co., Ltd.

Chen Ding, MH, JP

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

Ms. Ding, from 2003 to June 2013, was the Assistant CEO and Managing Director of China Southern Asset Management Co. Ltd. During her tenure with the company, she oversaw the issuance of China’s first and then-largest QDII mutual fund, and the establishment of China Southern Asset Management Co. Ltd.’s successful QDII business. She was also a member of the Investment Management Committee of China Southern Asset Management Co. Ltd., where she was responsible for setting investment policies and strategies of the fund, monitoring market, portfolio and systematic risk, asset allocation and stock selection in addition to reviewing and monitoring portfolio performance of the fund.

Ms. Ding also actively participates in community services. She co-founded Chinese Asset Management Association of Hong Kong with industry peers in 2013 and served as the Chairperson of the association. The association actively promoted positive interaction between Chinese Asset

Management companies and strived to provide a conducive business environment for Chinese Asset Management companies in Hong Kong. Ms. Ding contributed to the Hong Kong's capital market by actively advising on projects such as the establishment of RQFII scheme, Mutual Recognition of Funds between the Mainland and Hong Kong, Inclusion of ETFs in Stock Connect and Wealth Management Connect Scheme. Ms. Ding was conferred the Medal of Honour in July 2021 and appointed Justice of the Peace in July 2024 by the Government of the Hong Kong Special Administrative Region, in recognition of her contributions to Hong Kong's financial market over the years.

Ms. Ding resigned from Chairperson in 2020 and is currently the Permanent Honorary Chairperson of Chinese Asset Management Association of Hong Kong. She was also appointed as Vice-Chairman of the Hong Kong Financial Services Development Council in January 2023 as well as Convenor of Mainland Opportunities Committee of the Hong Kong Financial Services Development Council since 2019. In addition, Ms. Ding is now a member of the Hong Kong Mandatory Provident Fund Schemes Appeal Board, and Executive Board Member of the Hong Kong Treasury Markets Association. Prior to that, she has ever served as a member of the Product Advisory Committee of the Securities and Futures Commission, a member of the Process Review Panel of the Securities and Futures Commission, a member of the Securities and Futures Appeals Tribunal, a member of the Financial Infrastructure and Market Development Sub-Committee of the Hong Kong Monetary Authority, the Co-Chairman of the International Business Committee of the Asset Management Association of China and the Vice Chairperson of Chinese Securities Association of Hong Kong.

Ms. Ding Chen was named 2023 and 2024 regional "CEO of the Year" at the I&M Professional Investment Awards, 2023 Asia "CEO of the Year in Asia" at the Asia Asset Management Best of the Best Awards, and 2023 Hong Kong "Chief Executive of the Year" at the FOW Asia Capital Markets Awards.

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

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

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

Gaobo Zhang

Mr Zhang is a founding partner and the Chief Executive Officer of Oriental Patron Financial Group and is responsible for formulating the investment strategies, monitoring the investment performance and approving investment decisions. He joined CSOP Asset Management Limited in 2008.

From February 1988 to February 1991, Mr Zhang was a deputy chief of the Policy Division of Hainan Provincial Government. From 1991 to 1993, Mr Zhang was deputy chief of Financial Markets Administration Committee of the PBOC Hainan Branch. He was chairman of Hainan Stock Exchange Centre from 1992 to 1994. Mr. Zhang was appointed as an executive director of Wealthink AI-Innovation Capital Limited, a company listed on the Hong Kong Stock Exchange from February 2003 to December 2020. Mr Zhang is also an independent non-executive director of Beijing Enterprises Water Group Limited, a company listed on the SEHK and a non-executive director of Vimetco N.V., a company listed on the London Stock Exchange from June 2007 to June 2017. As from 2021, Mr. Zhang starts to play the role as founder and CEO of Micro Connect Group.

Mr Zhang obtained a Bachelor's degree in Science from Henan University in the PRC mainland in

1985 and later graduated from the Peking University in the PRC mainland with a Master’s degree in Economics in 1988.

Xiaosong Yang

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

Prior to joining China Southern Asset Management Co. Ltd., Mr Yang worked for China Securities Regulatory Commission. Mr Yang holds a Master's Degree in Economics from Renmin University of China in the PRC mainland.

Zhongping Cai

Mr Cai is the Chief Financial Officer and the General Manager of the Finance Department of China Southern Asset Management Co. Ltd., Director of CSOP Asset Management Limited, Supervisor of China Southern Capital Management Limited, and Director of Shenzhen SouthernFund Equity Investment Fund Management Co. Ltd.

Prior to joining China Southern Asset Management Co. Ltd., Mr Cai served as the Director of the Finance Department of UBS SDIC in the PRC mainland. He joined China Southern Asset Management Co. Ltd. in 2014.

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

Zhiwei Liu

Dr. Liu has been appointed as chairman of the board and the chairman of the nomination committee of Wealthink AI-Innovation Capital Limited since 16 December 2020, and an executive Director since 16 April 2019. From 16 April 2019 to 16 December 2020 and from 29 December 2021 to 14 March 2022, he was the chief executive officer of Wealthink AI-Innovation Capital Limited. From June 2016 to June 2018, he was an executive Director, the president, and a member of the corporate governance committee of Wealthink AI-Innovation Capital Limited. From December 2015 to June 2016, he served as a non-executive director of Wealthink AI-Innovation Capital Limited. On 22 August 2022, Dr. Liu was appointed as an executive director and the chairman of the board of GoFintech Innovation Limited (formerly known as China Fortune Financial Group Limited), the shares of which are listed on the Main Board of the Hong Kong Stock Exchange.

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

Dr. Liu has over 20 years of experience in financing, securities investment and capital market. He served as a non-executive director of Shanghai Zendai Property Limited (stock code: 755), whose shares are listed on the Hong Kong Stock Exchange for the period from 2 February 2010 to 12 December 2012. He was the vice chairman of Chang’an International Trust Co., Ltd (formerly known as Xi’an International Trust Co., Ltd) from 2008 to 2011. Dr. Liu served as a supervisor of Xin Jiang Hui-tong (Group) Co., Ltd (stock code: 415) from December 2005 to December 2008, whose shares are listed on the Shenzhen Stock Exchange. He also served as a general manager of the merger and acquisition department of Guosen Securities Co., Ltd from 1997 to 1998.

Yundong Zhu

Mr Zhu joined China Southern Asset Management Co. Ltd. in 2002. Mr Zhu is the Deputy Chief Executive Officer and Party Committee Member of China Southern Asset Management Co. Ltd., Chairman of China Southern Capital Management Limited, and Director of CSOP Asset Management Limited.

Prior to joining China Southern Asset Management Co. Ltd., Mr Zhu worked for the Local Budget Department and the General Office of the Ministry of Finance of People's Republic of China, and China Economic Development Trust & Investment Corporation. Mr Zhu holds a Bachelor's Degree in Economics from Jiangxi University of Finance and Economics in the PRC mainland.

The Manager has a risk management policy which enables it to monitor and measure at any time the risk of the financial derivative instruments used by a Product for investment purposes. The Products are subject to daily risk management and control procedures such as, but not limited to:

(A) daily calculation of value at risk (a methodology used to estimate the maximum amount of portfolio losses under normal market conditions);

(B) limitation on the percentage of the Net Asset Value committed as margin for all futures or options contracts;

(C) liquidity guidelines on each open futures or option contract such as maximum holding compared to daily average volume for the contract; and

(D) historical and hypothetical stress tests which aim to simulate adverse market scenarios.

The Manager will also ensure that at all times its reconciliation, accounting and settlement functions are separated from back office procedures.

The Trustee

The Trustee of the Trust and the Products is Cititrust Limited.

The Trustee is a registered trust company and is a wholly-owned subsidiary of Citigroup Inc. ("Citigroup"). As a global financial services group, Citigroup and its subsidiaries provide a broad range of financial products and services, including consumer banking, corporate and investment banking, securities brokerage and wealth management to consumers, corporations, governments and institutions.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Trust and the Product, 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, nominee, agent or delegate, all or any of the investments, assets or other property comprised in the Trust Fund or any of the Products and may empower any such custodian, nominee, agent or delegate to appoint, with no objection in writing by the Trustee, co-custodians and/or sub-custodians (each such custodian, nominee, agent, delegate, 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 Correspondents and (b) be satisfied that Correspondents retained remain suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Product. The Trustee shall be liable 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) as set out in 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 has appointed Citibank, N.A. Hong Kong Branch (which also acts as the Administrator of the Trust and the Product) as the Custodian of the Trust and the Product. For the purpose of the foregoing "Correspondent" shall include the Custodian. Citibank, N.A. is organised under the laws of U.S.A. with limited liability.

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

Subject as provided in the Trust Deed, the Trustee shall not be liable for losses caused by the performance of investments made by the Trust and/or the Product.

Subject as provided in the Trust Deed, the Trustee is entitled to be indemnified from the assets of the Trust and/or each Product from and against any and all actions, proceedings, liabilities, costs, claims, damages, expenses, including all reasonable legal, professional and other similar expenses (other than any liability to Unitholders imposed under Hong Kong law or resulting from breaches of trust through fraud or negligence on the part of the Trustee or any of its officers, employees, agents or delegates for which the Trustee would be liable under the Trust Deed), which may be incurred by or asserted against the Trustee in performing its obligations or duties in connection with the Trust or a Product. Subject to applicable law and the provisions of the Trust Deed, the Trustee shall not, in the absence of fraud, negligence or wilful default by it or any agent, sub-custodian or delegate appointed by the Trustee, be liable for any losses, costs or damage to the Trust, the Product 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 the Product, which is the sole responsibility of the Manager.

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

The Trustee is entitled to the fees set under the section on “Fees and Expenses Payable by the Product” and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

The Manager has sole responsibility for making investment decisions in relation to the Trust and/or each Product and the Trustee (including its delegate) is not responsible and has no liability for any investment decision made by the Manager. Except as provided in the Trust Deed or expressly stated in this Prospectus and/or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be involved in the business affairs, organisation, sponsorship or investment management of the Trust or the Product, and they are not responsible for the preparation or issue of this Prospectus other than the description under the section on “The Trustee”.

The Administrator

Citibank, N.A., Hong Kong Branch acts as administrator of the Trust and the Product, and is responsible for certain financial, administrative and other services in relation to the Trust and the Product, including:

- determining the Net Asset Value and the Net Asset Value per Unit;
- preparing and maintaining the Trust and the Product’s financial and accounting records and statements; and
- assisting in preparing the financial statements of the Trust and the Product.

The Custodian

The Trustee has appointed Citibank, N.A., Hong Kong Branch as the Custodian of the Trust and the Product.

The Custodian has been a provider of custodial and settlement services to domestic and international clients since its establishment in the United States of America in 1814. The Custodian’s global custodial network covers all mature and major emerging markets. The Custodian began offering securities services in Hong Kong in the mid-1970s and developed a full-blown capability by the mid-1980s.

The Registrar

Computershare Hong Kong Investor Services Limited acts as the registrar of the Trust under the terms of the Trust Deed. The registrar provides services in respect of the establishment and maintenance of the Register of the Unitholders of the Product.

The Service Agent

HK Conversion Agency Services Limited acts as Service Agent under the terms of the Service Agreement entered into among the Manager, the Trustee and Registrar, the Participating Dealer, the Service Agent and HKSCC. The Service Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in each Product by Participating Dealers.

The Auditor

The Manager has appointed Ernst & Young to act as the auditor of the Trust and the Product(s) (the "Auditor"). The Auditor is independent of the Manager and the Trustee.

The Participating Dealers

A Participating Dealer may act for its own account or for your account as its clients in making Creation Applications and Redemption Applications. Different Products may have different Participating Dealers. The latest list of the Participating Dealers in respect of each Product is available at http://www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC).

The Market Makers

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

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

The Listing Agent

Unless otherwise specified in the relevant Appendix, Altus Capital Limited has been appointed by the Manager as the Listing Agent for each Product in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in respect of the relevant Product's listing on the SEHK. The Listing Agent is a licensed corporation which holds, amongst others, a Type 6 (advising on corporate finance) regulated activity licence under the SFO with CE Number AGH102.

Conflicts of interest

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, secretary, manager, custodian, investment manager or investment adviser or perform other functions in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Products.

In addition:

(a) the Manager or any of its Connected Persons may, with the consent of the Trustee, deal with the Trust as principal;

(b) the Trustee, the Manager or the Registrar or any of their Connected Persons may have banking or other financial relationships with any company or party which is the issuer of Securities, financial instruments or investment products held by the Trust;

(c) the Trustee, the Manager or the Registrar or any of their Connected Persons may hold and deal in Units or in investments held by the Trust either for their own account or for the account of their customers; and

(d) the monies of the Trust may be deposited with the Manager, the Trustee or any of their Connected Persons or invested in certificates of deposit or banking instruments issued by any of them.

The Trustee and Registrar or the Manager or their Connected Persons may, in the course of business, and in providing services to the Trust, have potential conflicts of interest with the Trust or any Product. Each will, at all times, have regard to its obligations to the Trust and to Unitholders and will endeavour to ensure that any such conflicts are resolved fairly.

Conflicts of interest may arise due to the widespread business operations of the Trustee and Registrar, the Manager and the Service Agent and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed and applicable laws and regulations, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Trust (or a Product) will be on arm's length terms and in compliance with applicable laws and regulations.

Soft dollars

The Manager (as well as any of its Connected Persons) will not receive or enter into any soft dollar commissions or arrangements in respect of the management of the Products. The Manager (as well any of its Connected Persons) will not retain any cash rebates from any broker or dealer.

STATUTORY AND GENERAL INFORMATION

Reports

The financial year-end of the Trust (and each Product) is 31 December every year. The first financial year-end of the Trust is 31 December 2020. Audited financial reports are to be prepared (in accordance with IFRS) and published on the Manager's website at within four months of each financial year-end. Half-yearly unaudited financial reports are also to be prepared up to 30 June of each year and published on the Manager's website within 2 months of such date. Once these financial reports are made available on the Manager's website, investors will be notified within the relevant timeframe.

The first annual financial reports and the first half-yearly unaudited reports for CSOP NASDAQ-100 Index Daily (2x) Leveraged Product and CSOP Gold Futures Daily (2x) Leveraged Product will be for the year ending 31 December 2020 and the half year ending 30 June 2021 respectively.

The first half-yearly unaudited reports and the first annual financial reports for CSOP CSI 300 Index Daily (2x) Leveraged Product will be for the period from the fund launch to the half year ending 30 June 2021 and the year ending 31 December 2021 respectively.

The audited financial reports and the half-yearly reports of the Product will be available in English only. Printed copies may be requested free of charge from the Manager by contacting it, as described below under "Notices".

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

Trust Deed

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

Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the Trust Fund in respect of any action, costs, claims, damages, expenses or demands arising directly or indirectly from the proper performance of the Product. Nothing in the Trust Deed shall (i) exempt either the Trustee or the Manager (as the case may be) from or against any liability to Unitholders for breach of trust through fraud or negligence or any liability to Unitholders which by virtue of any Hong Kong rule of law or any other rule of law would otherwise attach to them in respect of any negligence, fraud or breach of trust of which they may be liable in relation to their duties nor (ii) indemnify either against such liability by Unitholders or at Unitholders' expense.

Liability of Unitholders

No Unitholder shall incur or assume any liability or be required to make any payment to the Trustee or the Manager in respect of its Units. The liability of Unitholders is limited to their investment in Units.

Modification of the Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such proposed modification, alteration or addition (i) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Products or (ii) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law) or (iii) is made to correct a manifest error. In all other cases, modifications, alterations and additions involving material changes require the sanction of an extraordinary resolution of the Unitholders affected. The SFC must (where such approval is required) also give its prior approval to all such amendments to the Trust Deed.

The Manager will notify affected Unitholders of the amendments as soon as practicable in advance of such amendments having effect or after they are made if such notification is required under the Code.

Name of the Trust and Product

Under the Trust Deed the Manager may, on notice to the Trustee, change the name of the Trust and the Products.

Meetings of Unitholders

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

Voting Rights

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing at least 10% of the Units in issue, on not less than 21 days' notice. Notice of meetings will be posted to Unitholders and posted on the Manager's website at http://www.csopasset.com (which has not been reviewed or approved by the SFC) and the Hong Kong Exchanges and Clearing Limited's website at www.hkex.com.hk.

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

Other matters that require an ordinary resolution being passed would be considered by Unitholders of at least 10% of the Units in issue and passed by a simple majority (i.e. more than 50%) of the votes cast.

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

Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets and not discharged within 60 days or (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily or (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders or (iv) a law is passed that renders it illegal or in the opinion of the Trustee or the Manager, impracticable or inadvisable to continue the Trust or (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated by the Trustee shall fail to be approved by extraordinary resolution or (vi) 60 days after the Trustee notifies the Manager in writing of its intention to retire, no new person willing to act as trustee has been identified.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Product outstanding is less than USD10 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue the Trust; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

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

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

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

Distribution Policy

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

Inspection of Documents

Copies of the constitutive documents are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager upon the payment of a reasonable fee.

Part XV of the SFO

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

Anti-money Laundering Regulations

As part of the Manager's, the Trustee's and the Participating Dealer's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee, each Product or the relevant Participating Dealer is subject, the Manager, the Registrar, the Trustee or the relevant Participating Dealer may require a detailed verification of an investor's identity and the source of payment of any applications for Units. Depending on the circumstances of each application, a detailed verification by the Manager, the Registrar, the Trustee or the relevant Participating Dealer might not be required where:

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

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

These exceptions apply only if the financial institution or intermediary is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

Liquidity Risk Management

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Products and to ensure that the liquidity profile of the investments of the relevant Product will facilitate compliance with such Product'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 Products. 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 Product on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "Redemption of Units through Participating Dealers", and will facilitate compliance with each Product'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 Products under normal and exceptional market conditions.

As a liquidity risk management tool, the Manager may limit the number of Units of a Product redeemed on any Dealing Day to Units representing 10% (or such higher percentage as the Manager may determine in respect of the Product and as permitted by the SFC) of the total number of Units in such a Product then in issue (subject to the conditions under the section headed "Deferred Redemption").

Index Licence Agreements

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

Material Changes to an Index

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

Replacement of an Index

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

(a) the relevant Index ceasing to exist;

(b) the licence to use the Index being terminated;

(c) a new index becoming available that supersedes the existing Index;

(d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Index;

(e) investing in the Securities and/or FDIs comprised within the Index becomes difficult;

(f) the Index/Benchmark Provider increasing its licence fees to a level considered too high by the Manager;

(g) the quality (including accuracy and availability of the data) of the Index having in the opinion of the Manager, deteriorated; and

(h) a significant modification of the formula or calculation method of the Index rendering that index unacceptable in the opinion of the Manager.

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

Information Available on the Internet

The Manager will publish important news and information with respect to each Product (including in respect of the relevant Index), in the English and Chinese languages (unless otherwise specified), on the Manager's website at http://www.csopasset.com (which has not been reviewed or approved by the SFC) including:

(a) this Prospectus and each product key facts statement in respect of the Products (as revised from time to time);

(b) the latest annual audited financial report and half yearly unaudited financial report (in English only);

(c) any notices relating to material changes to the Products which may have an impact on Unitholders such as material alterations or additions to this Prospectus or the constitutive documents of the Trust and/or a Product;

(d) any public announcements made by the Products, including information with regard to the Products and Index, notices of the suspension of the calculation of the Net Asset Value, suspension of creation and redemption of Units, changes in fees and the suspension and resumption of trading;

(e) the near real time indicative Net Asset Value per Unit updated every 15 seconds during SEHK trading hours in the relevant base currency and (if the base currency is not HKD) in HKD;

(f) the last Net Asset Value of each Product in the relevant base currency and the last Net Asset Value per Unit of each Product in the relevant base currency and (if the base currency is not HKD) in HKD;

(g) the past performance information of each Product;

(h) the daily tracking difference, the average daily tracking difference and the tracking error of each Product;

(i) full holdings information of each Product (updated on a Daily basis);

(j) a "performance simulator" of each Product which allows investors to select a historical time period and simulate the performance of the relevant Product vis-à-vis the Index during that period based on historical data (in case of CSOP Gold Futures Daily (2x) Leveraged Product, the performance simulator will also include spot price of gold);

(k) the latest list of the Participating Dealers and Market Makers;

(l) in respect of a Product which may distribute dividends, the composition of dividends for each Product (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital (if any)), for a rolling 12-month period; and

(m) in respect of a Product investing in Swaps:

  (i) the gross and net exposure to each Swap Counterparty;

  (ii) the full portfolio information of the Product;

  (iii) the list of Swap Counterparties (including hyperlinks to the websites of Swap Counterparties and their guarantors (if applicable));

  (iv) pictorial presentation of collateral information by way of pie charts showing the following (if applicable):

- a breakdown by asset type, e.g. equity, bond and cash and cash equivalents;
- for equity, further breakdown by (1) primary listing (i.e. stock exchanges), (2) index constituents, and (3) sector;
- for bond, further breakdown by (1) types of bonds, (2) countries of issuers/guarantors, and (3) credit rating; and

(v) top 10 holdings in the collateral (including name, percentage of the Product's Net Asset Value, type, primary listing for equities and country of issuers, credit rating if applicable),

where items (i) and (ii) will be updated on a daily basis and items (iii), (iv) and (v) will be updated on a weekly basis and uploaded onto the website within three working days of the end of each week; and

(n) in respect of a Product investing in FDIs, the portfolio holdings of such Products (updated on a daily basis unless otherwise specified in the relevant Appendix).

(o) in respect of a Product investing in FDIs, information on FDIs acquired by the Product including:

(i) a list of derivatives counterparties (including Swap Counterparties);

(ii) the details of collateral arrangements (if any); and

(iii) the gross and net counterparty exposures of each Product.

The near real-time indicative Net Asset Value per Unit in HKD is updated during SEHK trading hours. It is calculated by Interactive Data and is based on the near real time price of the underlying futures.

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

Notices

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

Manager	***Trustee***
CSOP Asset Management Limited 南方東英資產管理有限公司 2801-2803 & 3303-3304, Two Exchange Square 8 Connaught Place Central Hong Kong	Cititrust Limited 50/F., Champion Tower Three Garden Road Central, Hong Kong

Website information

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the Listing Agent, 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 Listing Agent, 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, its website http://www.csopasset.com (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC). The information and materials included in these websites have not been reviewed by the SFC or any regulatory body. You should exercise an appropriate degree of caution when assessing the value of such information.

Queries and complaints

Investors may contact the complaint officer of the Manager if they have any complaints or enquiries in respect of the Trust or the Product:

Address: 2801-2803 & 3303-3304, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

Manager's Customer Service Hotline: +852 3406 5688

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

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 Product (a) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Trust or a Product receives payments and/or (b) to satisfy reporting or other obligations under IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

Power to disclose information to tax authorities

Subject to applicable laws and regulations in Hong Kong, the Trust, the Products, 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 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 a Product 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).

TAXATION

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

Hong Kong taxation

The Trust and the Products

Profits Tax: Gains/profits arising from the disposal/redemption of an investment in the Units will only be subject to Hong Kong profits tax for Unitholders who carry on a trade or business of investing in Securities in Hong Kong where such gains/profits, not being regarded as capital in nature, arise from such trade or business and are sourced in Hong Kong. In accordance with the practice of the Inland Revenue Department of Hong Kong (as at the date of this Prospectus), tax should not be payable in Hong Kong in respect of distributions payable to Unitholders.

Stamp Duty: Stamp duty payable in respect of any contract notes or instruments of transfer relating to the 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 Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

No Hong Kong stamp duty is payable by a Product on an issue or a redemption of Units.

The Unitholders

Profits Tax: Profits arising from the redemption of an investment in the Units will only be subject to Hong Kong profits tax for Unitholders who carry on a trade or business in Hong Kong where the profits, not being regarded as capital in nature, arise from such trade or business and are sourced in Hong Kong. Unitholders who are not acquiring the Units as part of a trade or business that they carry on in Hong Kong will not be liable to profits tax in respect of any gains from the disposal/redemption of such Units.

Stamp Duty: Pursuant to the Stamp Duty (Amendment) Ordinance 2015, stamp duty payable 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 Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

Investors pay no Hong Kong ad valorem stamp duty when a Product issues or redeems Units.

Hong Kong requirements regarding tax reporting

The Inland Revenue (Amendment) (No.3) Ordinance (the “Ordinance”) came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information (“AEOI”). The AEOI requires financial institutions (“FI”) in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement (“CAA”); however, the Product and/or its agents may further collect information relating to residents of other jurisdictions.

The Trust is a collective investment scheme within the definition set out in the SFO that is resident in Hong Kong, and is accordingly an investment entity with obligations to report as a financial institution in accordance with the Ordinance. This means that the Trust and/or its agents shall collect and provide to the Hong Kong Inland Revenue Department ("IRD") tax information relating to Unitholders and prospective investors.

The AEOI rules as implemented by Hong Kong require 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 to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes; and (iii) report to the IRD information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a CAA. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has signed a CAA; and (ii) certain entities controlled by individuals who are tax resident in such other jurisdiction. Under the Ordinance, details of Unitholders, including but not limited to their name, jurisdiction of birth, address, tax residence, 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.

By investing in the Products and/or continuing to invest in the Products, Unitholders acknowledge that they may be required to provide additional information to the Trust, the Manager and/or the Trust's agents in order for the Trust to comply with 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 communicated by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Trust, the Manager and/or other agents of the Trust taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned in accordance with applicable laws and regulations, exercised by the Manager acting in good faith and on reasonable grounds.

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 Products.

PRC mainland taxation

Where specified in an Appendix, a Product may gain an economic exposure to A-Share being the constituent securities of the relevant Index through Swaps. The relevant Products may be subject to PRC mainland taxation as described below.

A Swap Counterparty may implement hedge arrangements by acquiring A-Shares using QFI status (that of either itself, a third party or an affiliate). As a result, PRC mainland tax liabilities accruing to the QFI under the hedge arrangements may ultimately be charged to the relevant Product and would likely have an economic effect on the value of the Product.

Corporate Income Tax

If the Trust or the Product is considered as a tax resident enterprise of the PRC mainland, it will be subject to PRC mainland Corporate Income Tax ("CIT") at 25% on its worldwide taxable income. If the Trust or the Product is considered as a non-tax resident enterprise with an establishment, a place of business or a permanent establishment (collectively referred to as "PE") in the PRC mainland, the profits and gains attributable to that PE would be subject to CIT at 25%.

The Manager intends to manage and operate the Trust and the Product in such a manner that the Trust and the Product should not be treated as tax resident enterprises of the PRC mainland or non-tax resident enterprises with a PE in the PRC mainland for CIT purposes, although this cannot be guaranteed. Unless a specific exemption or reduction is available under current PRC mainland tax laws and regulations or relevant tax treaties, non-tax resident enterprises without a PE in the PRC mainland are subject to CIT on a withholding basis ("WIT"), generally at a rate of 10%, to the extent it directly derives PRC mainland sourced passive income. PRC mainland sourced passive income (such as dividend income) and gains may arise from investments in the PRC mainland Securities.

(a) Dividend Income

Under current regulations in the PRC mainland, foreign investors (such as the Swap Counterparties) may invest in onshore PRC mainland securities through a QFII or a RQFII. Since only the relevant QFII or RQFII's interests in onshore PRC mainland securities are recognised under PRC mainland laws, any tax liability would, if it arises, be payable by the relevant QFII or RQFII. However under the terms of the arrangement between the relevant QFII or RQFII, the Swap Counterparty(ies) and the relevant Product, the relevant QFII or RQFII will pass on any tax liability to the Trust for the account of the Product. As such, the Trust is the ultimate party which bears the risks relating to any PRC mainland taxes which are so levied by the relevant PRC mainland tax authority.

Under current PRC mainland tax laws and regulations, a relevant QFII or RQFII is subject to a WIT of 10% on dividends and distributions from the PRC mainland Securities unless exempt or reduced under current PRC mainland tax laws and regulations or relevant tax treaties. The PRC mainland A-Shares issuers distributing such dividends are technically obliged to withhold the tax on behalf of the QFII or RQFII.

Under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" (the "China-HK Arrangement"), dividends received by a Hong Kong tax resident holder of shares issued by a PRC mainland tax resident enterprise will be subject to a reduced PRC mainland WIT rate of 5% on the gross amount of the dividends, if (i) the Hong Kong tax resident is the beneficial owner of the dividends; (ii) the Hong Kong tax resident directly holds at least 25% of the equity of the company paying the dividends; and (iii) other relevant treaty conditions are satisfied. Due to the Product's investment restriction, the Product will not hold more than 10% of any ordinary shares issued by any single issuer. In this connection, dividends derived from A-Shares invested through QFII or RQFII will not be able to benefit from the reduced WIT rate of 5% and the general WIT rate of 10% will be applicable to the Product.

(b) Capital gains

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

Pursuant to Circular 79, the Manager will not make any WIT provision on the gross unrealised and realised capital gains derived from trading of China A-Shares through QFI by the Swap Counterparty which may in turn be charged to the relevant Products.

Pursuant to "Caishui [2014] No. 81 - The Circular regarding tax policies related to the Shanghai – Hong Kong Stock Connect Scheme" ("Notice 81") and "Caishui [2016] No. 127 - The Circular regarding tax policies related to the Shenzhen – Hong Kong Stock Connect Scheme" ("Notice 127"), effective from 17 November 2014 and 5 December 2016 respectively, CIT will be temporarily exempted on gains derived by Hong Kong market investors on the trading of A shares via Shanghai and Shenzhen Connect Scheme.

There is a possibility of the PRC mainland tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current PRC mainland tax laws, regulations and practice. There is a risk that taxes may be levied in future on the relevant Product for which no provision is made, which may potentially cause substantial loss to the relevant Product.

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

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

PRC mainland Value-added Tax ("VAT")

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

(a) Capital gains

According to Circular 36 and Circular Caishui [2016] No. 70, capital gains derived by QFIIs and RQFIIs on trading of marketable securities are exempted from VAT since 1 May 2016. According to Circular 81 and Circular 127, foreign investors which derive capital gains from transfer of China A-Shares via the Shanghai-Hong Kong Stock Connect are also exempted from VAT since 1 May 2016, and the gains derived from transfer of China A shares through the Shenzhen-Hong Kong Stock Connect are exempt from VAT since 5 December 2016. Therefore, to the extent that the Swap Counterparty's hedge arrangements (such as A-Shares through the Stock Connects, Access Products or debt instruments) are conducted through these channels, the capital gains should be exempted from VAT.

(b) Dividends

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

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

Stamp duty

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

General

Various tax reform policies have been implemented by the PRC mainland 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 mainland will be changed with retrospective effect in the future and any such change may have an adverse effect on the Net Asset Value of the relevant Product. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future.

Tax Provision

In order to meet the potential tax liability on capital gains arising from disposal of PRC mainland Securities, the Manager reserves the right to make tax provision for any tax liabilities arising from the income derived from the Product's exposure to investments in the PRC mainland. The Manager will at the inception of the relevant Product decide whether the investment objectives and policies of the relevant Product would necessitate the making of tax provisions in respect of the relevant Product for the above tax obligations. Even if provisions are made, the amount of such provisions may not be sufficient to meet the actual tax liabilities. Where any provision is made, the level of the provisioning will be set out in Part 2 of this Prospectus and amount of actual provision will be disclosed in the financial reports of the relevant Product. With the uncertainties under the applicable PRC mainland tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation made by the Manager may be excessive or inadequate to meet actual PRC mainland tax liabilities on gains derived from investments held by the relevant Product. Upon any future resolution of the abovementioned uncertainty or further changes to tax law or policies, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary. Investors should note that if provision for taxation is made, such provision may be excessive or inadequate to meet actual PRC mainland tax liabilities on Product's exposure to investments in the PRC mainland. As a result, investors may be advantaged or disadvantaged depending on the final rules of the relevant PRC mainland tax authorities. If no provision for potential WIT is made and in the event that the PRC mainland tax authorities enforce the imposition of such WIT in respect of the relevant Product's exposure to investments in the PRC mainland, the Net Asset Value of the relevant Product 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 Product, which tax will subsequently be borne by the relevant Product and affect the Net Asset Value of the relevant Product and the remaining Units in the relevant Product. In this case, the then existing and new Unitholders will be disadvantaged from the shortfall.

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

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

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

PART 2 – SPECIFIC INFORMATION RELATING TO EACH PRODUCT

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

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

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

APPENDIX 1: CSOP NASDAQ-100 INDEX DAILY (2X) LEVERAGED PRODUCT

Key Information

Set out below is a summary of key information in respect of the CSOP NASDAQ-100 Index Daily (2x) Leveraged Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index
Index	NASDAQ-100 Index (the "Index")
Initial Offer Period	9:00 a.m. (Hong Kong time) of 13 May 2020 to 4:00p.m. (Hong Kong time) of 13 May 2020, or such other date as the Manager may determine
Initial Issue Date	14 May 2020, or such other date as the Manager may determine
Issue Price during the Initial Offer Period	USD1
Listing Date (SEHK)	Expected to be 15 May 2020, but may be postponed by the Manager to a date no later than 24 June 2020
Exchange Listing	SEHK – Main Board
Stock Code	7266
Short Stock Name	FL2CSOPNASDAQ
Trading Board Lot Size	100 Units
Base Currency	USD
Trading Currency	HKD
Distribution Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs. Further, the Manager may, at its discretion, pay distributions out of capital or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of distributions and therefore, distributions may be paid effectively out of capital. All Units will receive distributions in the base

	currency (USD) only*.
Creation/Redemption Policy	Cash (USD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 800,000 Units (or multiples thereof)
Dealing Deadline	5:30 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Management Fee	Currently 1.50% per year of the Net Asset Value
Financial Year End	31 December
Website	http://csopasset.com/en/products/l-2xndx (this website has not been reviewed by the SFC)

** 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 and to consider the risk factor entitled "USD Distributions Risk" below.*

What is the Investment Objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

What is the Investment Strategy?

To achieve the investment objective of the Product, the Manager will adopt a futures-based replication strategy through investing directly in the nearest quarter E-Mini NASDAQ 100 Futures ("E-mini NASDAQ 100 Futures") which are traded on the Chicago Mercantile Exchange ("CME"), subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

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

Futures-based replication strategy

In entering into the E-mini NASDAQ 100 Futures, the Manager anticipates that no more than 40% of the Net Asset Value of the Product from time to time will be used as margin to acquire the E-mini NASDAQ 100 Futures. Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially.

Not less than 60% of the Net Asset Value (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (USD) and other USD denominated investment products, such as deposits with banks in Hong Kong and USD denominated short-term investment-grade bonds (i.e. maturity less than 3 years) and money market funds in accordance with the requirements of the Code. Yield in USD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to the Unitholders in USD.

No more than 10% of the Net Asset Value may be invested in collective investment scheme which may be eligible schemes (as defined by the SFC) or authorised by the SFC in accordance with all the applicable requirements of the Code. For the avoidance of doubt, the Product's investment in the money market funds mentioned in the preceding paragraph is not subject to this limit. Any investments in ETFs will be considered and treated as collective investment schemes for the purposes of and subject to the requirements in 7.11A and 7.11B of the Code.

Other than E-mini NASDAQ 100 Futures, the Manager has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

The Product's net derivative exposure to FDIs will not exceed 202% of its Net Asset Value (i) at the time of Daily rebalancing of the Product; and (ii) between each Daily rebalancing, unless due to market movements.

Daily rebalancing of the Product

The Product will rebalance its position on a day when the SEHK, the CME and the NASDAQ are open for trading (i.e. a Business Day). At or around the close of the trading of the E-mini NASDAQ 100 Futures on each Business Day, the Product will seek to rebalance its portfolio, by increasing exposure in response to the Index's Daily gains or reducing exposure in response to the Index's Daily losses, so that its Daily leveraged exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as a leveraged product will rebalance its position following the movement of the Index by the end of trading of the underlying futures market. Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of 200 to meet the objective of the Product. If the Index increases by 10% during the day, the Net Asset Value of the Product would have increased to 120, making the futures exposure of the Product 220. As the Product needs a futures exposure of 240, which is 2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional 20. Day 1 illustrates the rebalancing requirements if the Index falls by 5% on the subsequent day.

	Calculation	Day 0	Day 1	Day 2
(a) Initial Product NAV		100	120	108
(b) Initial futures exposure	(b) = (a) × 2	200	240	216
(c) Daily Index change (%)		10%	-5%	5%
(d) Profit / loss on futures	(d) = (b) × (c)	20	-12	10.8
(e) Closing Product NAV	(e) = (a) + (d)	120	108	118.8
(f) Futures exposure	(f) = (b) × (1+(c))	220	228	226.8
(g) Target futures exposure to maintain leverage ratio	(g) = (e) × 2	240	216	237.6
(h) Required rebalancing amounts	(h) = (g) - (f)	20	-12	10.8

The above figures are calculated before fees and expenses.

Futures roll

As the Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will use its discretion to carry out the roll-over of the nearest quarter E-mini NASDAQ 100 Futures into next quarter E-mini NASDAQ 100 Futures with the goal that, by one Business Day before the last trading day of the nearest quarter E-mini NASDAQ 100 Futures, all roll-over activities would have occurred. The roll will occur within a 8-calendar days period in the last calendar month of each quarter (between 8 calendar days before the last trading day of the nearest quarterly E-mini NASDAQ 100 Futures and one business day before the last trading day of the nearest quarterly E-mini NASDAQ 100 Futures). The Manager has full discretion of futures rolling execution to meet the Product's investment objective.

What are E-mini NASDAQ 100 Futures?

The E-mini NASDAQ 100 Futures are traded on the CME, which offer liquid benchmark contracts to manage exposure to the constituents of the Index.

The E-mini NASDAQ 100 Futures are leveraged because they are traded on a margin basis. The margin to carry an open position is generally a small percentage (5-20%) of their value. The E-mini NASDAQ 100 Futures are traded on the CME. CME clears, settles and guarantees all matched transactions in CME contracts occurring electronically or through its floor facilities. CME is registered with the US Securities and Exchange Commission as a for-profit shareholder corporation, and the markets are primarily regulated by the US Commodity Futures Trading Commission along with other US governmental bodies.

Key specifications of the E-mini NASDAQ 100 Futures are as follows:

Underlying index	NASDAQ-100 Index
Exchange	CME
Trading hours (Chicago Time)	Opening time at 5:00 p.m. (Sunday to Thursday) and closing time at 4:00 p.m. on the next day (Monday to Friday), with a trading halt from 3:15 p.m. – 3:30 p.m. (Monday to Friday)
Contract expiry	Quarterly Cycle (March, June, September, December) For example, as at 18 March 2020, March 2020, June 2020, September 2020, December 2020 and March 2021 contracts are traded on the CME.
Last trading day	The third Friday of the contract month
Contract size	US$20 x NASDAQ-100 Index
Settlement method	Cash settlement
Final settlement price	The final settlement price of the E-mini NASDAQ 100 Futures shall be determined on the third Friday of the contract month or, if the Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published. The final settlement price shall be a Special Opening Quotation of the Index to be determined by the NASDAQ. If the NASDAQ does not open on the day scheduled for the determination of the final settlement price, then the final settlement price shall be the Special Opening Quotation of the first subsequent day on which NASDAQ does open. The "Special Opening Quotation" of the Index shall be based on the opening values of each of the component stocks at NASDAQ, namely the NASDAQ Official Opening Price (NOOP) of Index stocks. The NOOP is a single opening price that is reflective of supply and demand

	at the market open determined by the NASDAQ Opening Cross, which is a price discovery facility that cross orders at a single price.
Position limit	50,000 net long or short E-mini NASDAQ 100 Futures in all contract months combined. The position limit applies to a person such as the Manager, i.e. the Manager cannot hold or control E-mini NASDAQ 100 Futures over this limit. A person seeking an exemption from position limit for bona fide commercial purpose shall apply to the market regulation department of the CME on forms provided by the CME, and the market regulation department may grant qualified exemptions in its sole discretion.
Price limits	<u>Non-U.S. Trading Hours:</u> 5% price limit up and down Sunday – Thursday 5:00pm to 8:30 am: there shall be no trading for a given delivery month at any price that is either strictly lower than or strictly higher than the range defined by the 5% price limits on such trading day (based on the 3:00 pm reference price). <u>U.S. Trading Hours:</u> Monday – Friday 8:30 am – 2:25 pm: There are successive price limits corresponding to 7%, 13% and 20% declines below the previous trading day's reference price of the E-mini NASDAQ 100 Futures. Monday – Friday 2:25 pm – 3:00 pm: Trading in futures for a given delivery month shall be subject only to the corresponding 20% (decline) price limit. Monday – Friday 3:00 pm – 4:00 pm: There is a hard upside and downside limit of 5% price limits based on the 3:00 pm reference price of the E-mini NASDAQ 100 Futures. If the limit is reached, trading will continue within the ±5% range, provided that the 5% down limit shall not be lower than the 20% down limit applicable before 3:00 pm on the current trading day. Application of 7% price down limit If the E-mini NASDAQ 100 Futures is offered at the 7% down limit before 2:25 pm, a 2-minute monitoring period will commence. If a limit condition exists (i.e. the price still down 7% or more) at the end of the 2-minute monitoring period, futures trading shall halt for two (2) minutes, and shall then resume with price limits expanding to 13%. If a limit condition does NOT exist, trading will continue with price limits expanding to 13%. Application of 13% price down limit Similarly, if the E-mini NASDAQ 100 Futures is offered at the 13% down limit, a 2-minute monitoring period will commence, followed by (if a limit condition exists (i.e. the price still down 13% or more) at the end of the 2-minute monitoring period) a 2-minute trading halt occurs with price limits expanding to 20%. If a limit condition does NOT exist, trading will continue with price limits expanding to 20%. Application of 20% price down limit If the E-mini NASDAQ 100 Futures is offered at the 20% down limit before 2:25 pm, trading will continue at or above the 20% down limit

	for the remainder of the trading day. An offer entered with a price below the prevailing down limit will be rejected. For instance, if the prevailing circuit breaker is at the 7% limit, then orders below the 7% down limit will not be accepted. The order will be accepted, however, when the price limit is expanded to 13%, provided that it is offering at higher than the 13% limit. All times are Chicago times. Please refer to the website: http://www.cmegroup.com/trading/equity-index/faq-us-based-equity-index-price-limits.html for further information (this website has not been reviewed by the SFC)
Regulatory Trading Halts of the NASDAQ	A "Market Decline" means a decline in price of the S&P 500 Index between 9:30 am EST and 4:00 pm EST on a NASDAQ trading day (or between 9:30 am EST and 1:00 pm EST in case of any early scheduled close) as compared to the closing price of the S&P 500 Index for the immediately preceding NASDAQ trading day. If a Market Decline of 7% or 13% between 9:30 pm EST and (up to and including) 3:25 pm EST or in the case of an early scheduled close, 12:25 pm EST, trading of all US-listed equity securities (including the NASDAQ) shall halt for 15 minutes. The trading halt based on a Market Decline of 7% or 13% only once per NASDAQ trading day. The trading halt will not occur if a 7% Market Decline or a 13% Market Decline occurs after 3:25 pm EST or in the case of an early scheduled close, 12:25 pm EST. If a 20% Market Decline occurs at any time during the NASDAQ trading day, the NASDAQ shall halt trading until it opens the next trading day. There may also be unscheduled non-regulatory halts, for example due to bad weather or terrorist attack, on the NASDAQ. EST stands for Eastern Standard Time, which is 1 hour ahead of Chicago time. **When there is a trading halt on the NASDAQ as described above, trading of the E-mini NASDAQ 100 Futures shall halt at the same time.**

For more information, please refer to "E-mini NASDAQ 100 Futures Quotes" under "trading" on the CME Group website.

Futures Liquidity

As of 18 March 2020, the daily average volume and open interest of the spot month (March 2020) E-mini NASDAQ 100 Futures for the first quarter 2020 are USD 109 billion and USD 45 billion. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as a leveraged product tracking the Index.

Borrowing policy and restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

The Index

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

General Information on the Index

The NASDAQ-100 Index (the "Index") (Ticker: NDX) is a price return index which includes 100 of the largest non-financial companies listed on the NASDAQ Stock Market based on market capitalisation. It is a price return index, meaning that the performance of the Index is calculated on the basis that dividends are not reinvested, it is denominated in USD.

The Index began on 31 January 1985 at a base value of 125.00, as adjusted.

As at 14 March 2023, the Index had a total market capitalisation of USD 14.15 Trillion and 101 constituents (issued by 100 companies). An issuer may have more than one class of securities which are eligible for inclusion in the Index and which will be included as separate constituents.

Index Provider

The Index is compiled and managed by NASDAQ, Inc. (the "Index Provider").

The Manager (and each of its Connected Persons) is independent of the Index Provider.

Index Methodology

The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies. To be eligible for initial inclusion in the NASDAQ 100 Index, a security must meet the following criteria:

- the issuer of the security's primary US listing must be exclusively listed on the NASDAQ Global Select Market or the NASDAQ Global Market (unless the security was dually listed on another US market prior to January 1, 2004 and has continuously maintained such listing);
- a security must be issued by a non-financial company;
- a security may not be issued by an issuer currently in bankruptcy proceedings;
- a security must have a three-month average daily traded value of at least $5 million (USD);
- the issuer of the security may not have entered into a definitive agreement or other arrangement which would likely result in the security no longer being Index eligible;
- the issuer of the security may not have annual financial statements with an audit opinion that is currently withdrawn;
- the security must be "seasoned" on NASDAQ, NYSE or NYSE Amex. Generally, a company is considered to be seasoned if it has been listed on a market for at least three full months (excluding the first month of initial listing);
- the security must have a free float of at least 10%.

The Index is a modified capitalisation-weighted methodology. The methodology is expected to retain in general the economic attributes of capitalisation-weighting while providing enhanced diversification. To accomplish this, NASDAQ will review the composition of the Index on an annual basis and quarterly adjust the weightings of Index components using a proprietary algorithm, if certain pre-established weight distribution requirements are not met.

To be eligible for continued inclusion in the Index, an Index security must meet the above criteria and must have a weight equal to or exceeding 0.1% in the Index at each month-end. In the event that a company does not meet this criterion for 2 consecutive month-ends, it is removed from the Index effective after the close of trading on the third Friday of the following month.

Index Periodical Review

On a quarterly basis coinciding with the quarterly rebalancing schedule, the weights of the securities in the Index will be reviewed and the Index will be rebalanced if it is determined that:

(1) the weight of the single largest security is greater than 24%; and/or

(2) the collective weight of Index securities whose individual weights are each in excess of 4.5% exceeds 48% of the Index.

During the rebalancing process, the weights of all securities with individual weights greater than 1% will be scaled down proportionately such that the adjusted weight of the single largest Index security is 20% and the collective weight of individual securities exceeding 4.5% does not exceed 40%.

The Index securities are reviewed annually in December. The above eligibility criteria are applied and all eligible securities are ranked (based on market capitalisation) using market data and total shares outstanding as of the last trading day of November. During the annual review process, those Index securities that are ranked within the top 100 of all eligible companies at the annual review are retained in the index, while those ranked between 101 and 125 are retained only if they were in the top 100 at the previous annual review or were added subsequent to the previous annual review. Companies not retained in the Index are replaced by those who have the largest market capitalisation and are not existing constituents in the Index.

Index Constituents

You can obtain the most updated list of the constituents of the Index and their respective weightings from the website https://business.nasdaq.com/intel/indexes/research/nasdaq-global-index-policies/index.html.

Additional information of the Index including the index methodology and the closing level of the Index can be obtained from the website www.nasdaq.com. (These websites have not been reviewed by the SFC).

Index Code

Bloomberg: NDX

Comparison between the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance)

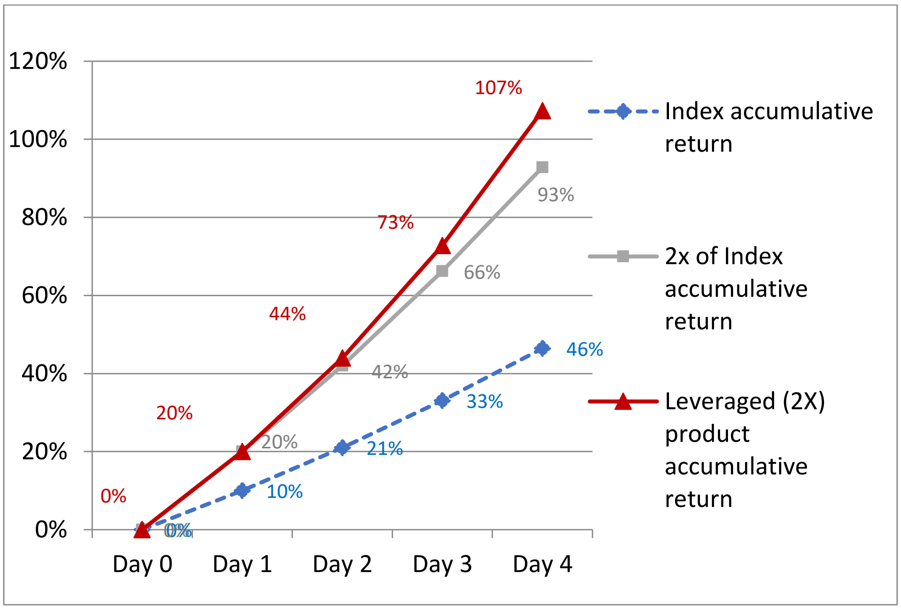
The Product's objective is to provide returns which are of a predetermined leverage factor (2x) of the Daily performance of the Index. As such, the Product's performance may not track twice the accumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by 200% generally will not equal 200% of the Product's performance over the same period. It is also expected that the Product will underperform the return of 200% of the Index in a trendless or flat market. This is caused by compounding, which is the accumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical $100 investment in the Product.

Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated return will be greater than twice the accumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 107%, compared with a 93% gain which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged (2X) product Daily return	Leveraged (2X) product NAV	Leveraged (2X) product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	10%	121.00	21%	20%	144.00	44%	42%	2%
Day 3	10%	133.10	33%	20%	172.80	73%	66%	7%
Day 4	10%	146.41	46%	20%	207.36	107%	93%	15%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.

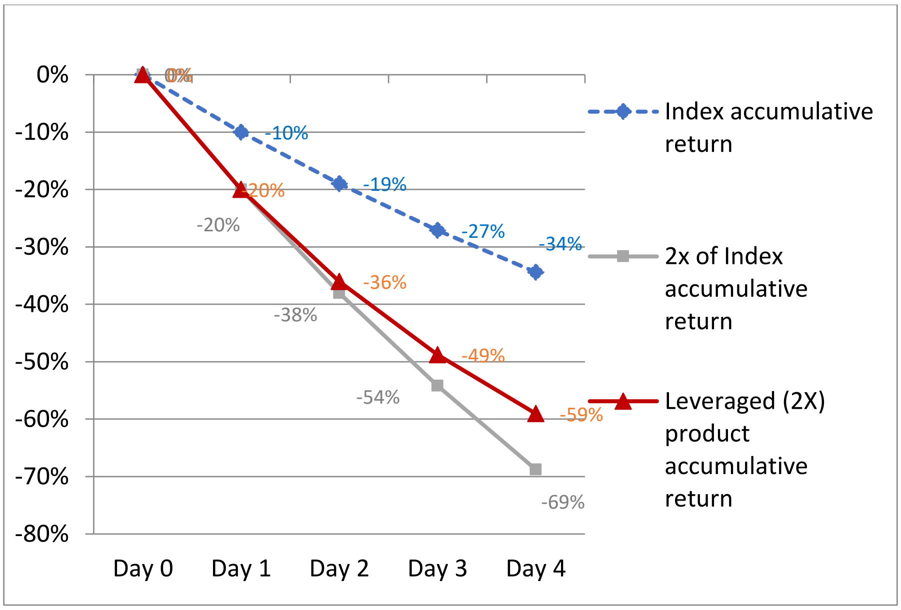


Scenario 2: Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated loss will be less than twice the accumulative Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 59%, compared with a 69% loss which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	-10%	81.00	-19%	-20%	64.00	-36%	-38%	2%
Day 3	-10%	72.90	-27%	-20%	51.20	-49%	-54%	5%
Day 4	-10%	65.61	-34%	-20%	40.96	-59%	-69%	10%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

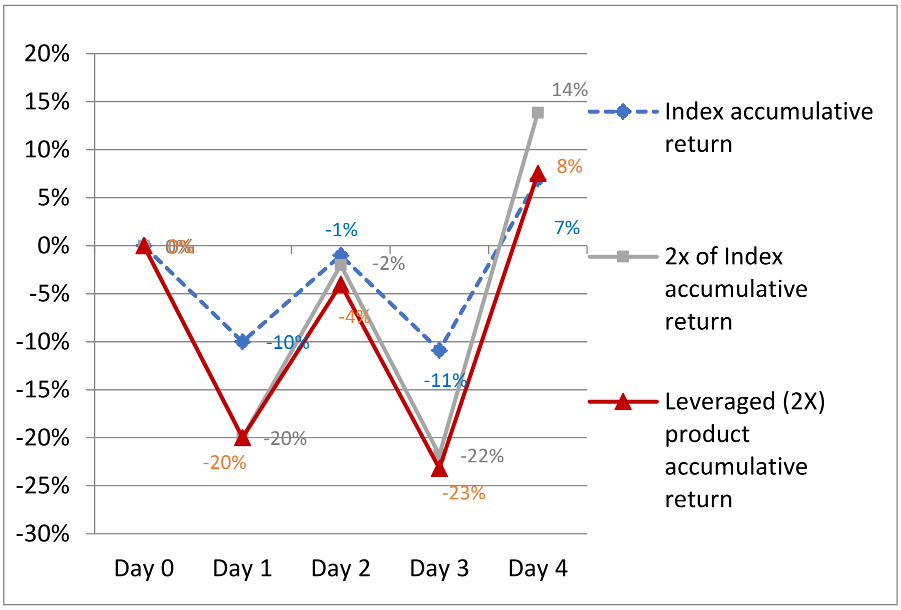


Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 8%, compared with a 14% gain which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-10%	89.10	-11%	-20%	76.80	-23%	-22%	-1%
Day 4	20%	106.92	7%	40%	107.52	8%	14%	-6%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.

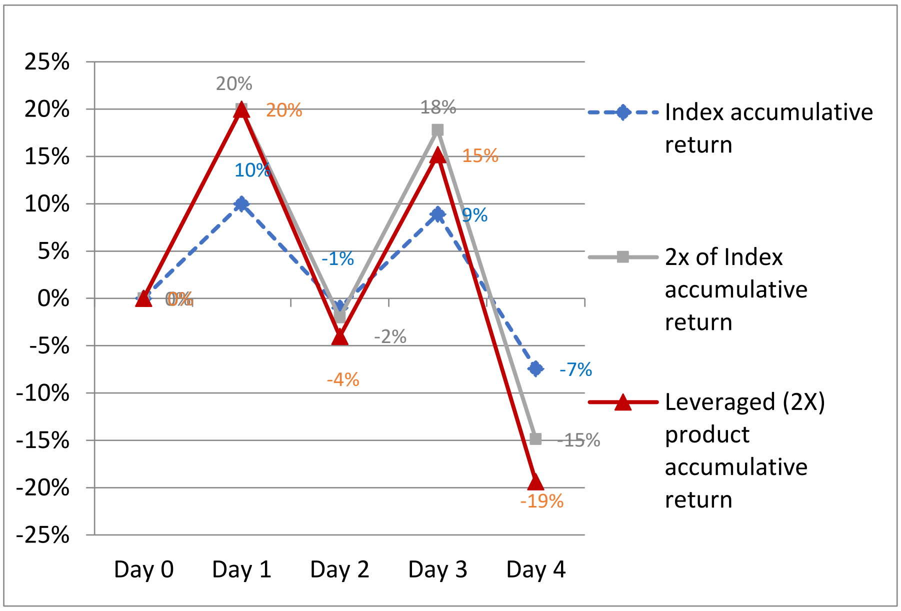


Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 19%, compared with a 15% loss which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	-10%	99.00	-1%	-20%	96.00	-4%	-2%	-2%
Day 3	10%	108.90	9%	20%	115.20	15%	18%	-3%
Day 4	-15%	92.57	-7%	-30%	80.64	-19%	-15%	-4%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.

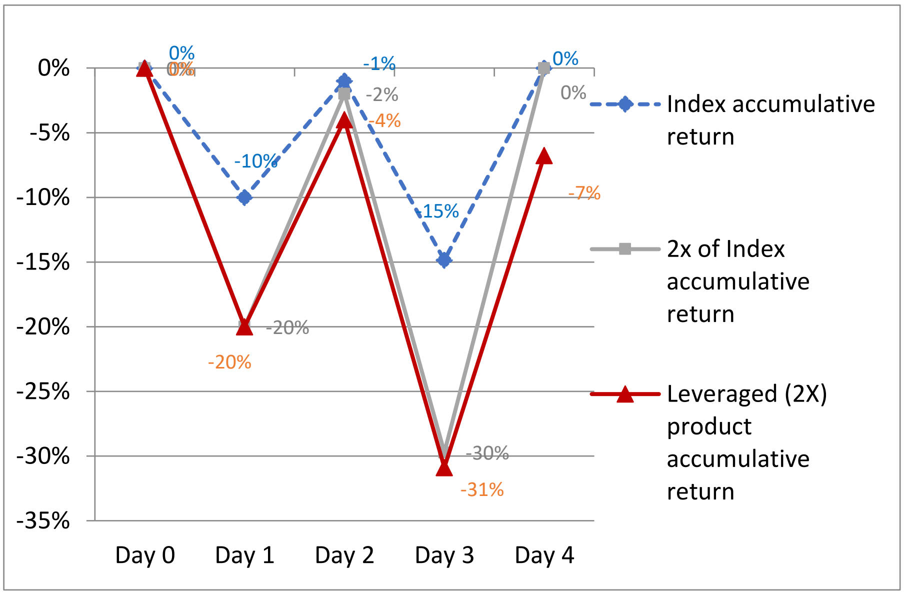


Scenario 5: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-14%	85.14	-15%	-28%	69.12	-31%	-30%	-1%
Day 4	17%	100.00	0%	35%	93.24	-7%	0%	-7%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables, the accumulative performance of the Product is not equal to twice the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the performance of the Index multiplied by two (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may not be twice the return of the Index and may be completely uncorrelated to the extent of change of the Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at http://csopasset.com/en/products/l-2xndx (this website has not been reviewed by the SFC), which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product tracks the leveraged performance of the Index, if observed on a Daily basis. However, due to path dependency of the Index and the Daily leveraged performance of the Index, when comparing the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical leveraged performance of the Index will not be equal to the simple leveraged performance of the Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Index and the leveraged performance of the Index. *Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.*

	Index		**Product (Index with a leverage factor of two)**	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	+20.00%	120.00
Day 3	-9.09%	100.00	-18.18%	98.18

Assuming the Product tracks twice the performance of the Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of the Product will be twice of the Index. That is, the Net Asset Value of the Product will rise by 20.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will fall by 18.18% if the Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Index and closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple performance of the Index multiplied by two.

Index Licence Agreement

The licence of the Index took effect on 19 March 2020 and should continue for 1 year. After the expiration of the initial term, the licence will be automatically renewed for successive terms of 1 year unless either party gives at least 90 days' notice of termination prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The CSOP NASDAQ-100 Index Daily (2x) Leveraged Product (the "Product") is not sponsored, endorsed, sold or promoted by NASDAQ, Inc., or its affiliates (Nasdaq, with its affiliates, is referred to as "NASDAQ"). NASDAQ has not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Product. NASDAQ makes no representation or warranty, express or implied, to the owners of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product particularly or the ability of the Index to track general stock market performance. NASDAQ's only relationship to the Product and CSOP Asset Management Limited ("CSOP") is in the licensing of certain trademarks and trade names of NASDAQ and the use of the Index which is determined, composed and calculated by NASDAQ without regard to CSOP or the Product. NASDAQ has no obligation to take the needs of CSOP or its affiliates or the owners of the Product into consideration in determining, composing or calculating the Index. NASDAQ is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Product to be issued or in the determination or calculation of the equation by which the Product is to be converted into cash. NASDAQ has no liability in connection with the administration, marketing or trading of the Product.

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The Offering Phases

Initial Offer Period

The Initial Offer Period commences at 9:00 a.m. (Hong Kong time) on 13 May 2020 and ends at 4:00p.m. (Hong Kong time) on 13 May 2020, or such other date as the Manager may determine.

The Listing Date is expected to be on 15 May 2020 but may be postponed by the Manager to a date no later than 24 June 2020.

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

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

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus. Investors are therefore advised to consult with the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Units on their behalf.

After Listing

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

Dealings in the Units on the SEHK will commence on the Listing Date, which is expected to be on 15 May 2020 but may be postponed by the Manager to a date no later than 24 June 2020.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market in Application Unit size, from 9:30 a.m. (Hong Kong time) to 5:30 p.m. (Hong Kong time) on each Dealing Day.

Please refer to the section on "The Offering Phases" for details. The following table summarises all key events and the Manager's expected timetable (all references to times are to Hong Kong time):

Initial Offer Period commences • Participating Dealers may apply for creation for themselves or for their clients in Application Unit size	 • 9:00 a.m. (Hong Kong time) on 13 May 2020 but may be postponed by the Manager to no later than 9:30 a.m. (Hong Kong time) on 22 June 2020
The date that is two Business Days prior to the Listing Date • Latest time for Creation Applications by Participating Dealers for Units to be available for trading on the Listing Date	 • 4:00 noon (Hong Kong time) on 13 May 2020 but may be postponed by the Manager to no later than 5:30 p.m. (Hong Kong time) on 22 June 2020
After listing (period commences on the Listing Date) • All investors may start trading Units on the SEHK through any designated brokers; and • Participating Dealers may apply for creation and redemption (for themselves or for their clients) in Application Unit size	 • Commence at 9:30 a.m. (Hong Kong time) on 15 May 2020, but may be postponed by the Manager to a date no later than 24 June 2020 • 9:30 a.m. (Hong Kong time) to 5:30 p.m. (Hong Kong time) on each Dealing Day

Exchange Listing and Trading (Secondary Market)

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units traded in HKD.

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

Dealings on the SEHK in Units traded in HKD is expected to begin on 15 May 2020.

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

Distribution Policy

The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the Product.

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

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://csopasset.com/en/products/l-2xndx (this website has not been reviewed by the SFC).

The distribution policy may be amended subject to the SFC'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 Product (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://csopasset.com/en/products/l-2xndx and on HKEX's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx. The aforesaid websites have not been reviewed by the SFC.

There can be no assurance that distributions will be paid.

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

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

Fees and Expenses

Management Fee

The Product pays a Management Fee as a single flat fee, currently at 1.50% per year of the Net Asset Value of the Product. Please refer to the section "Fees and Expenses" as to the fees and charges included in the Management Fee. The Management Fee is calculated as at each Dealing Day and payable monthly in USD in arrears out of the Trust Fund.

The Management Fee may be increased up to 3% per year of the Net Asset Value of the Product, on one month's notice to Unitholders (or such shorter period as approved by the SFC). In the event that such fee is to be increased beyond this rate (which is the maximum rate set out in the Trust Deed), such increase will be subject to the Unitholders' and the SFC's approval.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its institutional rates.

Such institutional market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately USD3-5 per Future Contract levied by the broker.

The above rates will amount to approximately 0.16% per annum of the Net Asset Value and may increase to approximately 0.50% or more per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Risk Factors Specific to the Product

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

Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss may be more than twice the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the leveraged performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance increases or is flat.

Leverage Risk

The Product will utilise leverage to achieve a Daily return equivalent to twice (2x) the return of the Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage.

Risk of Rebalancing Activities

There is no assurance that the Product can rebalance their portfolio on a Daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity Risk

The rebalancing activities of the Product typically take place near the end of trading of the underlying futures market to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Volatility risk

Prices of the Product may be more volatile than conventional ETFs because of the use of leverage and the daily rebalancing activities.

Intraday Investment Risk

The Product is normally rebalanced at the end of trading at or around the close of the trading of the E-mini NASDAQ 100 Futures on each Business Day. As such, return for investors that invest for period less than a full Trading Day will generally be greater than or less than two times (2x) the leveraged investment exposure to the Index, depending upon the movement of the Index from the end of one Trading Day until the time of purchase.

Portfolio Turnover Risk

Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

Price Limit Risk

If the price of the E-mini NASDAQ 100 Futures included in the Product's portfolio and/or or the price of constituents of the NASDAQ hit certain price limits, depending on the time of the day and the limit being reached, the trading of the E-mini NASDAQ 100 Futures may be limited within the set price limits, suspended for a short period of time, or suspended for the remainder of the trading day. This may affect the Product's tracking of twice (2x) the Daily performance of the Index, and, if a trading halt takes place near the end of a trading day, may result in imperfect Daily rebalancing.

Difference in Price Limit Risk

The Product's investment objective is to provide investment results that closely correspond to twice (2x) the Daily performance of the Index. Although the Index is an equity index, the Product invests in E-mini NASDAQ 100 Futures. The daily price limit for the NASDAQ (which is triggered when the price of the S&P 500 Index drops 20% in a day) and the daily price limit for the E-mini NASDAQ 100 Futures (which may be triggered by 7%, 13%, 20% declines or 5% up and down changes of the price of the E-mini NASDAQ 100 Futures, depending on the time of the day) are different, as they are triggered at different price changes. Please refer to the section "What are E-mini NASDAQ 100 Futures?" above for further details of the price limits for the E-mini NASDAQ 100 Futures. As such, should the Index's daily price movement be greater than the price limit of the E-mini NASDAQ 100 Futures, the Product may not be able to achieve its investment objective as the E-mini NASDAQ 100 Futures are unable to deliver a return beyond their price limit.

Trading Time Differences Risk

As the CME may be open when Units in the Product are not priced, the value of the E-mini NASDAQ 100 Futures in the Product's portfolio, or the value of constituents in the Index to which such futures contracts are linked, may change on days when investors will not be able to purchase or sell the Product's Units. Differences in trading hours between the CME and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.

The NASDAQ and the CME have different trading hours. Trading of the Index constituents closes earlier than trading of the E-mini NASDAQ 100 Futures, so there may continue to be price movements for the E-mini NASDAQ 100 Futures when the Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and the E-mini NASDAQ 100 Futures, which may prevent the Product from achieving its investment objective.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

Investments in Futures Contracts exposes the Product to a liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Contango and Backwardation Risk

The process of rolling will subject the Product to "contango" and backwardation risks. As the E-mini NASDAQ 100 Futures come to expiration, they are replaced by contracts that have a later expiration. For example, a Futures Contract may specify a March expiration. As time passes, the Futures Contract expiring in March is replaced by a contract for expiry in June by selling the March contract and purchasing the June contract. Excluding other considerations, if the market for these contracts is in “contango”, where the prices are higher in the distant expiration months than in the nearer expiration months, the sale of the March contract would take place at a price that is lower than the price of the June contract. Accordingly proceeds from closing out the March contract when rolling (selling and then buying the E-mini NASDAQ 100 Futures) would take place at a price that is lower than the price of the June contract, thereby creating a negative “roll yield” which adversely affects the Net Asset Value. By contrast, if the market for these contracts is in “backwardation”, where the prices are lower in the distant expiry months than in the nearer expiry months, the closing of the March contract would take place at a price that is higher than the price of the June contract. Accordingly the closing out of the March contract when rolling (selling and then buying the Futures Contracts) would take place at a price that is higher than the price of the June contract, thereby creating a positive “roll yield”.

Margin Risk

Generally, most leveraged transactions, such as 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 Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. Like other leveraged investments, a futures transaction by the Product may result in losses in excess of the amount invested by the Product. 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 Product 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 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 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.

Clearing House’s Failure Risk

In the event of the bankruptcy of the exchange’s clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange’s clearing house if the exchange’s clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

Holding of Futures Contracts Restriction Risk

The holding by a person for his own account, or for another person but which he controls, of particular type of Futures Contracts or stock options contracts may be limited by regulation. A person shall not hold more than 50,000 E-mini NASDAQ 100 Futures net long or short in all contract months combined, which is the initial limit and any extension is subject to approval. As such, the positions held by a Product and controlled by the Manager (i.e. of other products) may not in aggregate exceed the relevant maximum. Because Unitholders do not themselves hold Futures Contracts or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the relevant regulation. Whilst the Manager does not anticipate that this will have any immediate effect on a Product, if the Net Asset Value of a Product grows significantly the restrictions under the relevant regulation may prevent creations of Units due to the inability under the relevant regulation of the Product to acquire further Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit.

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 Product 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 Product and what can be done, if anything, to try and limit such impact.

Risks of investing in fixed income securities

Credit/counterparty Risk

Investment in fixed income securities is subject to the credit risk of the security or its issuers, who may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the securities or the issuers of the fixed income securities held by the Product, the Product's value will be adversely affected and investors may suffer a substantial loss as a result. The Manager may or may not be able to dispose of the securities that are being downgraded. There may also be difficulties or delays in enforcing rights against the issuers who will generally be incorporated overseas and therefore not subject to the laws of Hong Kong.

Interest Rate Risk

Investment in the Product is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

Sovereign Debt Risk

The Product's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Product to participate in restructuring such debts. The Product may suffer significant losses when there is a default of sovereign debt issuers.

Credit Ratings Risks

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

Leveraged Performance of Index

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than leveraged performance of an index or benchmark. Should the price of the Index decrease, the use of a leverage factor of 2 in the Product will trigger an accelerated decrease in the value of the Product's Net Asset Value compared to the Index (which has a leverage factor of 1, i.e. no leverage). As such, Unitholders could, in certain circumstances including a bear market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with leverage and Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily leveraged results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the leveraged performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking a leveraged position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily leveraged performance of the Index over a certain period may not be twice the point-to-point performance of the Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Index. Please refer to the section "Explanation on Path Dependency" above.

Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, may deviate from the leveraged performance of the Index.

Concentration Risk, US Markets Risk and NASDAQ-100 Constituents Risk

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

The Product's investments will be concentrated in the US. The US securities markets may be more volatile than other securities markets, which may adversely affect the Product.

Technology companies are characterised by periodic new product introductions, innovations and evolving industry standards, and, as a result, face intense competition, which may have an adverse effect on profit margins. Companies in the technology sector are often smaller and less experienced companies and may be subject to greater risks than larger companies; these risks may be heightened for technology companies in non-US markets. Technology companies may have limited product lines, markets, financial resources or personnel. The products of technology companies may face product obsolescence due to rapid technological developments and frequent new product introduction, changes in consumer and business purchasing patterns, unpredictable changes in growth rates and competition for the services of qualified personnel. In addition, a rising interest rate environment tends to negatively affect companies in the technology sector because, in such an environment, those companies with high market valuations may appear less attractive to investors, which may cause sharp decreases in the companies' market prices. Companies in the technology sector are heavily dependent on patent and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies. The technology sector may also be adversely affected by changes or trends in commodity prices, which may be influenced or characterised by unpredictable factors. Finally, while all companies may be susceptible to network security breaches, certain companies in the technology sector may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their businesses.

Suspension of Creation Risk

There can be no assurance that there are sufficient E-mini NASDAQ 100 Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the E-mini NASDAQ 100 Futures , and delay or disruption in execution of trades or in settlement of trades.

Risks of investing in other collective investment schemes/funds

As part of the Product's investment strategy, the Manager may invest in other collective investment scheme which may be eligible schemes (as defined by the SFC) or authorised by the SFC in accordance with all the applicable requirements of the Code. The underlying collective investment schemes/funds in which the Product may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes/funds. There is also no guarantee that the underlying collective investment schemes/funds will always have sufficient liquidity to meet the Product's redemption requests as and when made.

Distributions Out Of or Effectively Out Of Capital Risk

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

Foreign Exchange Risk

The Product's Base Currency is in USD but has Units traded in HKD. Accordingly secondary market investors may be subject to additional costs or losses associated with foreign currency fluctuations between the Base Currency and HKD when trading units in the secondary market.

USD Distributions Risk

Investors should note that Unitholders 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. The Unitholder may also have to bear bank or financial institution fees and charges associated with the handling of the distribution payment. Unitholders are advised to check with their brokers concerning arrangements for distributions.

Appendix dated 24 July 2024

APPENDIX 2: CSOP GOLD FUTURES DAILY (2X) LEVERAGED PRODUCT

Key Information

Set out below is a summary of key information in respect of the CSOP Gold Futures Daily (2x) Leveraged Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index
Index	Solactive Gold 1-Day Rolling Futures Index (the "Index")
Listing Date (SEHK)	5 June 2020
Exchange Listing	SEHK – Main Board
Stock Code	7299
Short Stock Name	FL2CSOPGOLD
Trading Board Lot Size	100 Units
Base Currency	USD
Trading Currency	HKD
Distribution Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs. Further, the Manager may, at its discretion, pay distributions out of capital or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of distributions and therefore, distributions may be paid effectively out of capital. All Units will receive distributions in the base currency (USD) only*.
Creation/Redemption Policy	Cash (USD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 800,000 Units (or multiples thereof)
Dealing Deadline	5:30 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Management Fee	Currently 1.50% per year of the Net Asset Value

Financial Year End	31 December
Website	http://csopasset.com/en/products/l-2xgold (this website has not been reviewed by the SFC)

** 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 and to consider the risk factor entitled "USD Distributions Risk" below.*

What is the Investment Objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

The Index consists of only gold futures whose price movements may deviate significantly from the gold spot price. The Product does not seek to deliver a leveraged return of gold spot price.

What is the Investment Strategy?

To achieve the investment objective of the Product, the Manager will use a combination of a futures-based replication strategy and a Swap-based synthetic replication strategy. The Manager will (i) adopt a futures-based replication strategy through investing directly in the Active Contracts (as defined in the sub-section "Roll Schedule" in the section "The Index" below) of gold futures traded on the New York Commodity Exchange (COMEX) ("**COMEX Gold Futures**") subject to the rolling strategy discussed below (and/or micro gold futures on the COMEX ("**Micro Gold Futures**") which may also be used as an ancillary tool to this strategy where the Manager believes such investments will help the Product better track the Index), to obtain the required exposure to the Index; and (ii) where the Manager believes such investments will help the Product achieve its investment objective and are beneficial to the Product, use a Swap-based synthetic replication strategy by investing in Swaps (as defined in the Prospectus) as discussed below.

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

Futures-based replication strategy

In entering the active COMEX Gold Futures (and/or Micro Gold Futures), the Manager anticipates that no more than 20% of the Net Asset Value of the Product from time to time will be used as margin to acquire the COMEX Gold Futures (and/or Micro Gold Futures). Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially.

Not less than 60% of the Net Asset Value (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (USD) and other USD denominated investment products, such as deposits with banks in Hong Kong and USD denominated short-term investment-grade bonds (i.e. maturity less than 3 years) and money market funds in accordance with the requirements of the Code. Yield in USD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to the Unitholders in USD.

Swap-based synthetic replication investment strategy

Where the Manager believes such investments will help the Product achieve its investment objective and are beneficial to the Product, the Manager may adopt a synthetic replication investment strategy, pursuant to which the Product will enter into one or more partially-funded

Swaps (which are over-the counter financial derivative instruments entered into with one or more Swap Counterparties (as defined in the Prospectus)) whereby the Product will provide a portion of the net proceeds from subscription from the issue of the Units as initial margin ("**Initial Amount**") to the Swap Counterparties which will be held by the custodian appointed by the Trustee in a segregated account and will only be transferred to the Swap Counterparties when the Product defaults and in return the Swap Counterparties will provide the Product with an exposure to the Index (net of transaction costs). Otherwise, the Manager may adopt solely the above futures-based replication strategy.

No more than 20% of the Net Asset Value of the Product from time to time will be used as Initial Amount by way of cash and money market funds authorised by the SFC to acquire the Swaps. Under exceptional circumstances (e.g. increased Initial Amount requirement by the Swap Counterparty in extreme market turbulence), the Initial Amount requirement may increase substantially. The Initial Amount will be transferred to the Product's custodian appointed by the Trustee who will hold the amount for the Product in a designated account, and the Swap Counterparty will have a security interest over the Initial Amount (and the relevant account) upon such transfer. There is no transfer of legal title, and the Initial Amount remains with the Product, but a security interest will be created thereupon in favour of the Swap Counterparty. Where the Manager does not solely adopt a futures-based replication strategy, the expected exposure to the Index from Swaps would be around 100% of the Product's Net Asset Value and the maximum exposure to the Index from Swaps would be 200% of the Product's Net Asset Value.

Counterparty Exposure

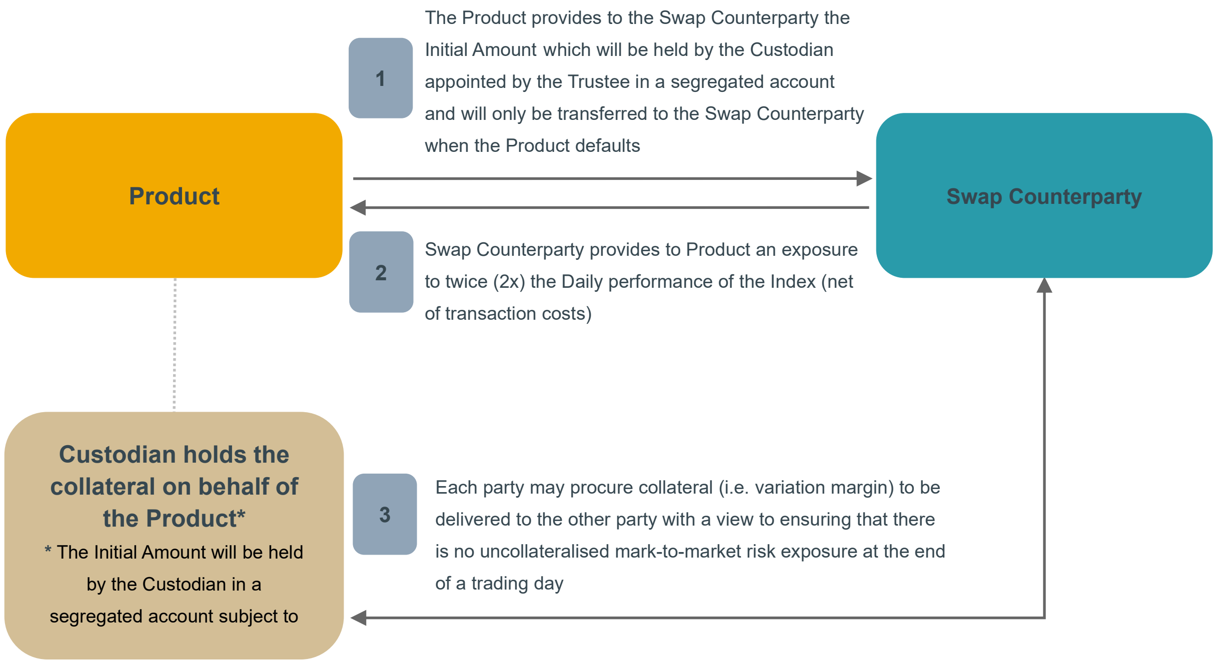
Collateral arrangements will be taken in relation to these derivative transactions with a view that the percentage of the counterparty risk exposure (expressed as a percentage of net assets) is reduced to zero.

To collateralise the mark-to-market exposure under the relevant Swap, additional amounts will be transferred as variation margin (either by the Product to the Swap Counterparty or vice versa) on each business day during the Swap transaction. Such variation margin will be transferred by way of title transfer, or by way of a security interest with a right of use (analogous to title transfer) granted thereon. During this process, the Manager will manage the Product to ensure that the collateral held by the Product will represent at least 100% of the Product's gross total counterparty risk exposure and be maintained, marked-to-market on a daily basis, with a view to ensuring that there is no uncollateralised counterparty risk exposure at the end of a trading day (subject to intra-day price movements, market risk and settlement risk etc.). If the collateral held by the Product is not at least 100% of the Product's gross total counterparty risk exposure in respect of any trading day T, by the end of that trading day T, the Manager will generally require that each Swap Counterparty deliver additional collateral assets (i.e. variation margin) to make up for the difference in value, with the settlement of such delivery expected to occur on or before trading day T+2.

Each Swap Counterparty will deliver collateral with a view to reduce the net exposure of the Product to each counterparty to 0% (zero per cent), although a minimum transfer amount of up to USD 250,000 (or currency equivalent) will be applicable.

Diagrammatic Illustration of Synthetic Replication Strategy

Please see below a diagram illustrating the operation of the swap-based synthetic replication investment strategy above:



Swap Transaction

Each Swap is documented by a confirmation which supplements, forms part of and is governed by a 2002 ISDA Master Agreement with schedule thereto (together with an ISDA Credit Support Annex and/or ISDA Credit Support Deed in respect thereof), in each case, entered into by the Trustee on behalf of the Product and the Swap Counterparty. ISDA documentation is published by the International Swaps and Derivatives Association, Inc.

Prior to commencing any transaction with a Swap Counterparty under a Swap, the Manager has obtained (if such Swap Counterparty is an existing swap counterparty) or will obtain (if such Swap Counterparty is a new swap counterparty) legal opinions or such other confirmations or assurances from the Swap Counterparties reasonably acceptable to the Product, confirming that (a) such Swap Counterparty has the capacity and authority to enter into the relevant Swap and (b) the obligations expressed to be assumed by such Swap Counterparty under the relevant Swap constitute legal, valid, binding obligations of the Swap Counterparty enforceable against it in accordance with their terms. The enforceability of the termination, bilateral close-out netting and multibranch netting provisions in the 2002 ISDA Master Agreement in the relevant jurisdictions in which enforcement action may be brought is covered by standard netting opinions commissioned by ISDA. In respect of each Swap, none of the "Events of Default" or the "Termination Events" contained in the 2002 ISDA Master Agreement has been disapplied in respect of the relevant Swap Counterparty (although some of them have been amended to reflect the nature of the Swap Counterparty, the Trustee and the Product and certain "Additional Termination Events" have also been inserted in respect of the Trustee and the Product). The Trustee (on behalf of the Product) has the right, in the event of insolvency or the occurrence of certain other "Events of Default" or "Termination Events" of the Swap Counterparty that are continuing at the relevant time, to terminate the Swap on behalf of the Product at any time (such termination may take effect immediately) and without any approval from the Swap Counterparty.

The actual termination events vary according to the negotiation between the Manager and each Swap Counterparty. The followings are some examples of "Termination Events":

(a) decline in the Net Asset Value of the Product to a prescribed triggering level;

(b) illegality of other similar events which affects the ability of the Swap Counterparty or the Product to perform its obligations under the Swap agreement;

(c) change of Manager or Trustee; and

(d) termination of the Product.

Criteria for Selection of Swap Counterparty

In selecting a Swap Counterparty (or a replacement Swap Counterparty), the Manager will have regard to a number of criteria, including but not limited to the fact that the prospective Swap Counterparty or its guarantor is a substantial financial institution (as defined under the Code) subject to an on-going prudential and regulatory supervision, or such other entity acceptable to the SFC under the Code. The Manager may also impose such other selection criteria as it considers appropriate. A Swap Counterparty must be independent of the Manager.

As at the date of this Prospectus, the Swap Counterparty(ies) to the Product and their guarantor(s) (where relevant) are:

Swap Counterparty	**Place of incorporation of the Swap Counterparty or its guarantor (where relevant)**	**Standard & Poor's credit rating of the Swap Counterparty or its guarantor (where relevant)**
CITIGROUP GLOBAL MARKETS LIMITED	United Kingdom	A+
SOCIETE GENERALE	France	A

The Manager will publish, *inter alia*, the latest list of the identity of the Swap Counterparty of the Product, as well as the Product's gross and net exposure to each such Swap Counterparty, on the Manager's website at http://csopasset.com/en/products/l-2xgold (which has not been reviewed by the SFC).

Collateral Arrangements

The Manager seeks the provision of collateral to mitigate potential counterparty risks, with a view to ensuring that there is no uncollateralized counterparty risk exposure subject to the minimum transfer amounts described in the section headed "Counterparty Exposure" above. The collateral held by the Product should represent at least 100% of the Product's gross total counterparty risk exposure towards the Swap Counterparties, with the value of the collateral marked to market by the end of each trading day. Where collateral taken is in the nature of cash and/or government bonds, the market value of such cash and/or government bond collateral should represent at least 100% of the related gross counterparty risk exposure towards the Swap Counterparties.

Collateral may take such form as the Manager considers appropriate, and currently it is in the form of bonds and/or cash. If a Swap Counterparty becomes insolvent, or if a Swap Counterparty fails to pay any sum payable under the Swap when due and after a demand has been made, or if other events of default specified in the relevant swap agreement occur, the Product, subject to the terms of the swap agreement, shall be entitled to enforce the relevant collateral and obtain full title thereof. In such instances, the Product's obligations to return the collateral will be offset against the Swap Counterparty's obligation to pay under the swap agreement.

The Manager has adopted measures to monitor the eligibility criteria and valuation of collateral provided to the Product on an ongoing basis.

Collaterals taken by the Product shall comply with all applicable requirements under the Code, including Chapter 8.8(e) of the Code as supplemented by such other guidance from the SFC from time to time.

The following criteria will be observed when accepting assets as collaterals for the Product: liquidity, daily valuation, credit quality, price volatility, diversification, correlation, management of operational and legal risks, enforceability, not being available for secondary recourse and involving no structured product. Only cash collateral will be reinvested in accordance with the collateral policy set out in Part 1 of this Prospectus.

The details of the collateral requirements required under the Code and the collateral policy of the Trust and the Product are set out in in Part 1 of this Prospectus.

Collateral provided to the Product must be held by the Trustee or any custodian duly appointed by the Trustee.

Details of the collateral management policy can be found at the Manager's website at http://csopasset.com/en/products/l-2xgold (which has not been reviewed by the SFC).

Other than COMEX Gold Futures (and/or Micro Gold Futures) and Swaps, the Manager has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

The Product's net derivative exposure to FDIs will not exceed 200% of its Net Asset Value between each Daily rebalancing of the Product, unless due to market movements. Otherwise, at the time of Daily rebalancing of the Product, the Product's net derivative exposure to FDIs will not exceed 202% of its Net Asset Value.

Swap Fees

The Product will bear the swap fees, which includes all costs associated with Swap transactions and are subject to the discussion and consensus between the Manager and the Swap Counterparty based on the actual market circumstances on a case-by-case basis. The swap fees represent a variable spread (which can be positive or negative) plus SOFR which reflects the brokerage commission and the Swap Counterparty's cost of financing the underlying hedge.

If the swap fees is a positive figure, then it denotes the fee that the Product pays to the Swap Counterparties, and may result in a negative impact on the tracking difference of the Product. On the contrary, if the swap fees is a negative figure, the Swap Counterparties will pay to the Product and may lead to a positive impact on the tracking difference of the Product. In extreme market conditions and exceptional circumstances, the brokerage commission and the Swap Counterparty's costs of financing the underlying hedge may increase significantly and in return the swap fees may be increased. The Product shall bear the swap fees (including any costs associated with the entering into, or unwinding or maintenance of, any hedging arrangements in respect of such Swaps). Swap fees are accrued daily and spread out over the month. No unwinding fee is payable for the Swap transactions.

The Manager will disclose the swap fees in the semi-annual and annual financial reports of the Product. The swap fees will be borne by the Product and hence may have an adverse impact on the Net Asset Value and the performance of the Product, and may result in higher tracking error.

Any investments of the Product other than COMEX Gold Futures (and/or Micro Gold Futures) and Swaps will comply with 7.36 to 7.38 of the Code.

Daily rebalancing of the Product

Where the Product invests directly in COMEX Gold Futures (and/or Micro Gold Futures), the Product will rebalance its position on a day when the COMEX and the SEHK are open for trading (i.e. a Business Day). At or around the close of the trading of the COMEX Gold Futures (and/or Micro Gold Futures) on each Business Day, the Product will seek to rebalance its portfolio, by increasing exposure in response to the Index's Daily gains or reducing exposure in response to the Index's Daily losses, so that its Daily leveraged exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as a leveraged product will rebalance its position following the movement of the Index by the end of trading of the underlying futures market. Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of 200 to meet the objective of the Product. If the Index increases by 10% during the day, the Net Asset Value of the Product would have increased to 120, making the futures exposure of the Product 220. As the Product needs a futures exposure of 240, which is 2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional 20. Day 1 illustrates the rebalancing requirements if the Index falls by 5% on the subsequent day.

	Calculation	**Day 0**	**Day 1**	**Day 2**
(a) Initial Product NAV		100	120	108
(b) Initial futures exposure	(b) = (a) × 2	200	240	216
(c) Daily Index change (%)		10%	-5%	5%
(d) Profit / loss on futures	(d) = (b) × (c)	20	-12	10.8
(e) Closing Product NAV	(e) = (a) + (d)	120	108	118.8
(f) Futures exposure	(f) = (b) × (1+(c))	220	228	226.8
(g) Target futures exposure to maintain leverage ratio	(g) = (e) × 2	240	216	237.6
(h) Required rebalancing amounts	(h) = (g) - (f)	20	-12	10.8

The above figures are calculated before fees and expenses.

Futures roll

The Manager will generally carry out the roll-over of the Active Contracts (as defined in the sub-section "Roll Schedule" below) into Next Active Contracts (as defined in the sub-section "Roll Schedule" below) according to the roll-over schedule in respect of the Index as set out in the sub-section "Roll Schedule" below with the goal that, by one Business Day before the last trading day of the previous Active Contracts, all roll-over activities would have occurred in one Business Day. 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 Product and the Unitholders.

What are COMEX Gold Futures and Micro Gold Futures?

COMEX Gold Futures and Micro Gold Futures are Futures Contracts on gold prices traded on the COMEX in USD. Each contract unit of COMEX Gold Futures and Micro Gold Futures controls 100 troy ounces and 10 troy ounces of at least 995 fineness gold respectively.

The parent company of COMEX is CME Group Inc., which is an American futures company and one of the largest futures and options exchanges. It comprises four exchanges, namely Chicago Mercantile Exchange ("CME"), Chicago Board of Trade ("CBOT"), COMEX and New York

Mercantile Exchange ("NYMEX").

The key specifications of the COMEX Gold Futures and Micro Gold Futures are as follows:

Exchange	COMEX
Ticker symbol	COMEX Gold Futures: GC Micro Gold Futures: MGC
Contract value (as at 6 December 2023)	COMEX Gold Futures: 204,270 (Contract month of February 2024) Micro Gold Futures: 20,435 (Contract month of February 2024)
Contract Size	COMEX Gold Futures: 100 troy ounces Micro Gold Futures: 10 troy ounces
Minimum Tick	USD0.10 per troy ounce
Dollar Value of One Tick	COMEX Gold Futures: USD10 Micro Gold Futures: USD1
Trading hours	Sunday - Friday 5:00 p.m. – 4:00 p.m. Central Time with a 60-minute break each day at 4:00 p.m. Central Time
Contract months	**COMEX Gold Futures** Monthly: • Current calendar month plus next two calendar months • Within 23-month period: Any February, April, August, and October contract • Within 72-month period: Any June and December contract **Micro Gold Futures** Monthly contracts listed for any Feb, Apr, Jun, Aug, Oct, and Dec in the nearest 24 months
Settlement method	Deliverable
Termination of trading	**COMEX Gold Futures** Trading terminates at 12:30 p.m. Central Time on the third last business day of the contract month. **Micro Gold Futures** Trading terminates on the third last business day of the contract month.
Margin Requirement	**COMEX Gold Futures** The margin requirements of February 2024 COMEX Gold Futures Contracts are USD7,800 as the initial margin and USD7,800 as the maintenance margin. **Micro Gold Futures**

	The margin requirements of February 2024 Micro Gold Futures Contracts are USD780 as the initial margin and USD780 as the maintenance margin.
Position Limit	CME Group has position limits for gold futures of 6,000 contracts in the active month (single month) that become effective at the close of trading on the business day prior to the First Notice Day (defined below) of the delivery month and 8,000 contracts in all months (aggregated).
Price limit	The daily price limit table is published on CME Group's website https://www.cmegroup.com/trading/price-limits.html#metals (this website has not been reviewed by the SFC). The daily price limit is updated on an intraday basis to provide limit update according to CME Group's significant price movement monitoring system.
Position Accountability Level	The single month accountability level and all month accountability level are 8,000 contracts. Position accountability levels are levels which a market participant may exceed and not be in violation of CME rule. A market participant who exceeds an accountability level and/or a reportable level may be asked by CME Group Inc. to provide information relating to the position. Failure to supply the requested information may result in an order to reduce such positions.
Reportable Level	The reportable level is 50 contracts. The reportable level is level at which clearing members, omnibus accounts and foreign brokers are required to submit to CME a daily report of all positions.
Delivery Period	Delivery may take place on any business day beginning on the first business day of the delivery month or any subsequent business day of the delivery month, but not later than the last business day of the current delivery month.
Grade and Quality	Gold delivered under this contract shall assay to a minimum of 995 fineness.

Futures exchanges (including COMEX) and clearing houses in the United States are subject to regulation by the U.S. Commodity Futures Trading Commission ("CFTC"). COMEX may adopt rules and take other actions that affect trading, including imposing speculative position limits, maximum price fluctuations and trading halts and suspensions and requiring liquidation of contracts in certain circumstances. Please refer to "Holding of Futures Contracts Restriction Risk" below.

For more information, please refer to the CME Group website at https://www.cmegroup.com/trading/metals/precious/gold-futures-and-options.html. This website has not been reviewed by the SFC.

Vendor Codes

Bloomberg: GC (COMEX Gold Futures) / MGC (Micro Gold Futures)
Thomson Reuters (TDN): GC (COMEX Gold Futures) / MGC (Micro Gold Futures)

Futures liquidity

COMEX Gold Futures is one of the deepest and most liquid global precious metal benchmarks, trading nearly 251,623 futures contracts daily. As of 13 December 2023, the open interest of COMEX Gold Futures exceeds 476,000 contracts, equivalent to more than 47.6 million troy ounces of gold. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as a leveraged product tracking the Index.

Borrowing policy and restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

The Index

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

General Information on the Index

The Solactive Gold 1-Day Rolling Futures Index (the "Index") tracks the performance of the active COMEX Gold Futures and rolls the exposure over one day from the Active Contract (as defined in the sub-section "Roll Schedule" below) into the Next Active Contract (as defined in the sub-section "Roll Schedule" below).

The Index is calculated as an excess return index and published in USD. As at 14 March 2023, the COMEX Gold Futures currently included in the Index are April 2023 Contracts. The Index was launched on 20 March 2020 and had a base level of 100 on 2 January 2015.

The Index is an excess return (and not a total return) index and therefore reflects the positive or negative return of the COMEX Gold Futures price movements only (and not any notional interest earnings).

The Index is denominated in USD.

Index Provider

The Index is compiled and published by Solactive AG (the "Index Provider"). The Manager (and each of its Connected Persons) is independent of the Index Provider.

Prices and Calculation Frequency

The level of the Index is calculated on each Trading Day from 14:05 p.m. to 10:50 p.m. CET based on the prices on the COMEX on which the Index Components are listed. The most recent trading prices of the Index Components are used. Should there be no current price for an Index Component available, the most recent trading price for the preceding trading day is used in the calculation. The closing price of the Index is calculated on each trading day based on the settlement prices on the New York Commodity Exchange (COMEX) on which the Index Components are listed. The most recent settlement prices of the Index Components are used. Should there be no current settlement price available, the most recent trading price is used in the calculation.

Index Methodology

The Index value on any given Trading Day t is calculated in accordance with the following formula:

$$I_t = I_{t-1} \cdot \left(\frac{CRW_{A,t} \cdot SP_{A,t}}{SP_{A,t-1}} + \frac{CRW_{NA,t} \cdot SP_{NA,t}}{SP_{NA,t-1}} \right)$$

where:

I_{t-1} is the Index Value on the Trading Day immediately preceding Trading Day t

$CRW_{A,t}$ is the Contract Roll Weight of the Active Contract on Trading Day t

$CRW_{NA,t}$ is the Contract Roll Weight of the Next Active Contract on Trading Day t

$SP_{A,t}$ is the Settlement Price of the Active Contract on Trading Day t

$SP_{NA,t}$ is the Settlement Price of the Next Active Contract on Trading Day t

Futures Roll

Index Components are selected according to the Roll Period and in accordance with the Roll Schedule as explained below.

Roll Period

During the roll period, the Active Contract is rolled over a one-day period into the Next Active Contract. The Roll Period starts on the 6th trading day preceding the First Notice Day (as explained below) of the Active Contract. The contract roll weight of the Active Contract is then decreased by 100% after the close of business of each trading day of the roll period starting at 100% while the contract roll weight of the Next Active Contract is increased by 100% after the close of business of each trading day of the roll period starting at 0%. After the end of the roll period the Next Active Contract becomes the Active Contract.

"Notice Day" shall be the day on which a non-transferrable assignment notification is issued by the CME Clearing House to the long clearing member and the short clearing member upon completion of assignment. The first day during which an assignment notification can be issued shall be the last business day of the month prior to the delivery month and shall be referred to as "First Notice Day". The assignment notification shall specify the parties matched for delivery and the number of contracts to be delivered.

Roll Schedule

The Active Contract (which is also called front month in practice) and the next active contract of the COMEX Gold Futures ("Next Active Contract") are selected based on the current month as follows:

Active contract of COMEX Gold Futures ("Active Contract"):

Calendar Month	1	2	3	4	5	6	7	8	9	10	11	12
GC contract month	G	J	J	M	M	Q	Q	Z	Z	Z	Z	G+

"+" defines a contract of the following year.

The following naming convention of the contracts holds:

Identifier	Month	Identifier	Month
F	January	N	July
G	February	Q	August
H	March	U	September

J	April	V	October
K	May	X	November
M	June	Z	December

The roll schedule for the Active Contract and the Next Active Contracts will therefore be as follows:

Roll Month	Active Contract	Next Active Contract
January	G: February	J: April
March	J: April	M: June
May	M: June	Q: August
July	Q: August	Z: December
November	Z: December	G+: February+

Below is an illustrative example of the expiration schedule of the Active Contract:

	Ticker	Month	First Notice Day	Roll Day*
Active Contracts	GCG0	February 2020	01/31/2020	01/23/2020
Next Active Contracts	GCJ0	April 2020	03/31/2020	03/23/2020

**Roll Day*:* *6th Trading Day preceding the First Notice Day of the Active Contract*

Below is an illustrative example of the Index's performance during a period of two roll days in January:

Trading day	Active Contract (GCG0)			Next Active Contract (GCJ0)			Index	
	Price	Return	Weight	Price	Return	Weight	Price	Return
1/23/2020	1,565.4	0.56%	100%	1,571.6	0.56%	0%	121.52	0.56%
1/24/2020	1,571.9	0.42%	0%	1,578.2	0.42%	100%	122.03	0.42%

As illustrated above, rolling from GCG0 to GCJ0 is done on the roll day (i.e. 23 January 2020), being the 6th Trading Day preceding the First Notice Day (i.e. the last business day of the month prior to the delivery month, and in this case, 31 January 2020) of the Active Contracts (i.e. February contracts).

On the roll day (i.e. 23 January 2020), the Manager will, through an executing broker, place sell order of the Active Contracts and buy order of the Next Active Contracts on COMEX.

The same operation will be done on the next roll day (i.e. 23 March 2020), being the 6th Trading Day preceding the First Notice Day (i.e. 31 March 2020) of the relevant Active Contracts (i.e. April contracts).

Index Methodology Review

The methodology of the Index is subject to regular review. In case a need of a change of the methodology has been identified within such review (e.g. if the underlying market or economic reality has changed since the launch of the Index, i.e. if the present methodology is based on obsolete assumptions and factors and no longer reflects the reality as accurately, reliably and appropriately as before), such change will be made in accordance with the Index Provider's Methodology Policy, which is incorporated by reference and available on the Index Provider's website: https://www.solactive.com/indices/?se=1&index=DE000SL0ABD6 (this website has not been reviewed by the SFC).

Such change in the methodology will be announced on the Index Provider's website under the section "Announcement", which is available at: https://www.solactive.com/news/announcements/ (this website has not been reviewed by the SFC).

Oversight

An index committee composed of staff from the Index Provider and its subsidiaries (the "Index Committee") is responsible for decisions regarding any amendments to the rules of the Index. Any such amendment, which may result in an amendment of the guideline, must be submitted to the Index Committee for prior approval and will be made in compliance with the Index Provider's Methodology Policy, which is available at https://www.solactive.com/documents/ (this website has not been reviewed by the SFC).

Index Code

ISIN: DE000SL0ABD6
Reuters Instrument Code: .SOLGOLD1
Bloomberg ticker: SOLGOLD1 Index

You can obtain additional information of the Index from the website of the Index Provider at https://www.solactive.com/indices/?se=1&index=DE000SL0ABD6 (this website has not been reviewed by the SFC).

Comparison between the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance)

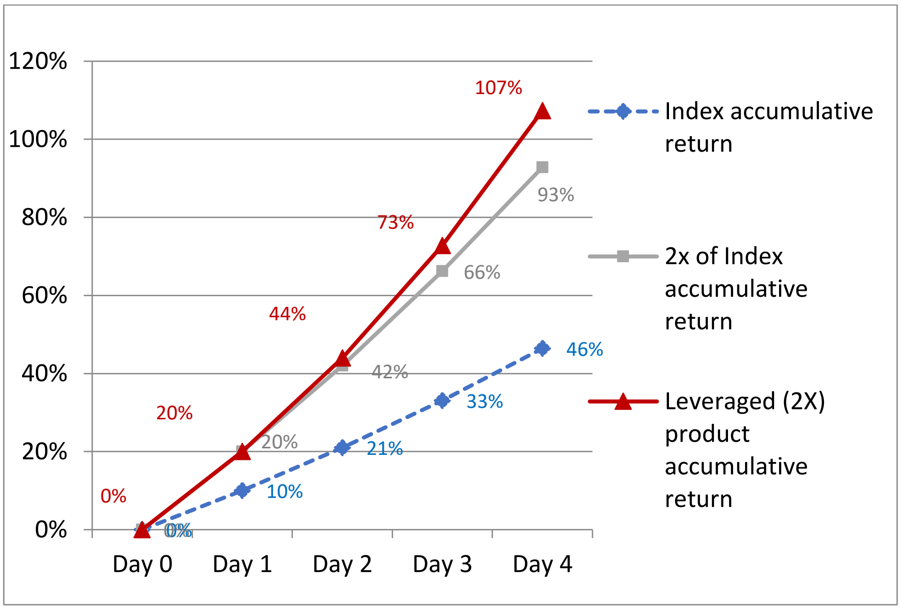
The Product's objective is to provide returns which are of a predetermined leverage factor (2x) of the Daily performance of the Index. As such, the Product's performance may not track twice the accumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by 200% generally will not equal 200% of the Product's performance over the same period. It is also expected that the Product will underperform the return of 200% of the Index in a trendless or flat market. This is caused by compounding, which is the accumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical $100 investment in the Product.

Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated return will be greater than twice the accumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 107%, compared with a 93% gain which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged (2X) product Daily return	Leveraged (2X) product NAV	Leveraged (2X) product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	10%	121.00	21%	20%	144.00	44%	42%	2%
Day 3	10%	133.10	33%	20%	172.80	73%	66%	7%
Day 4	10%	146.41	46%	20%	207.36	107%	93%	15%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.

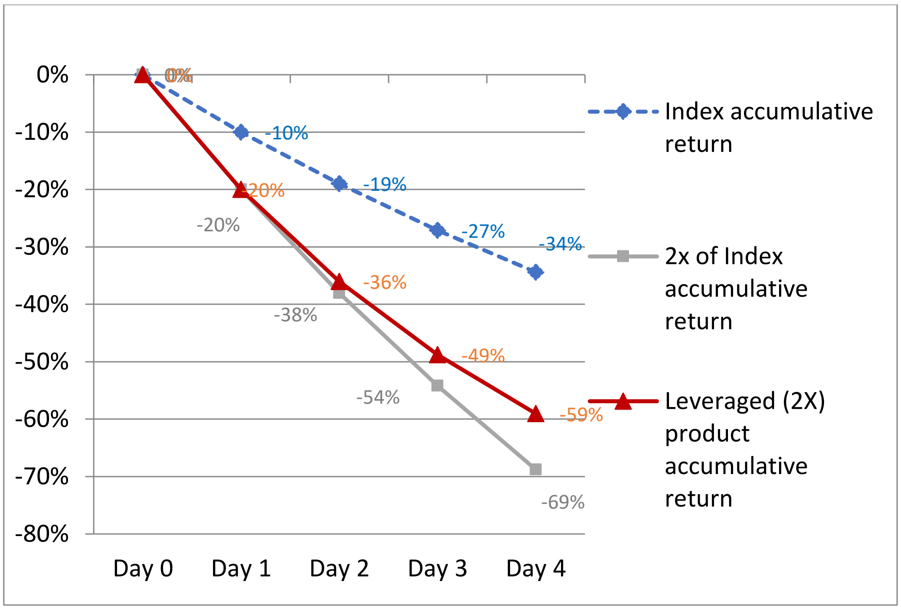


Scenario 2: Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated loss will be less than twice the accumulative Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 59%, compared with a 69% loss which is twice the accumulative Index return.

	Index Daily return	**Index level**	**Index accumulative return**	**Leveraged product Daily return**	**Leveraged product NAV**	**Leveraged product accumulative return**	**2x of Index accumulative return**	**Difference**
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	-10%	81.00	-19%	-20%	64.00	-36%	-38%	2%
Day 3	-10%	72.90	-27%	-20%	51.20	-49%	-54%	5%
Day 4	-10%	65.61	-34%	-20%	40.96	-59%	-69%	10%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

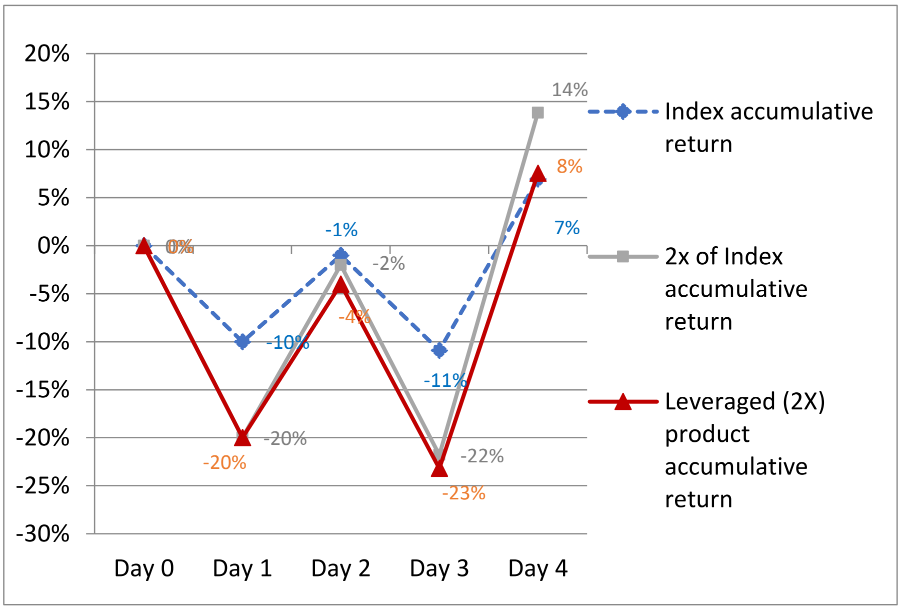


Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 8%, compared with a 14% gain which is twice the accumulative Index return.

	Index Daily return	**Index level**	**Index accumulative return**	**Leveraged product Daily return**	**Leveraged product NAV**	**Leveraged product accumulative return**	**2x of Index accumulative return**	**Difference**
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-10%	89.10	-11%	-20%	76.80	-23%	-22%	-1%
Day 4	20%	106.92	7%	40%	107.52	8%	14%	-6%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.

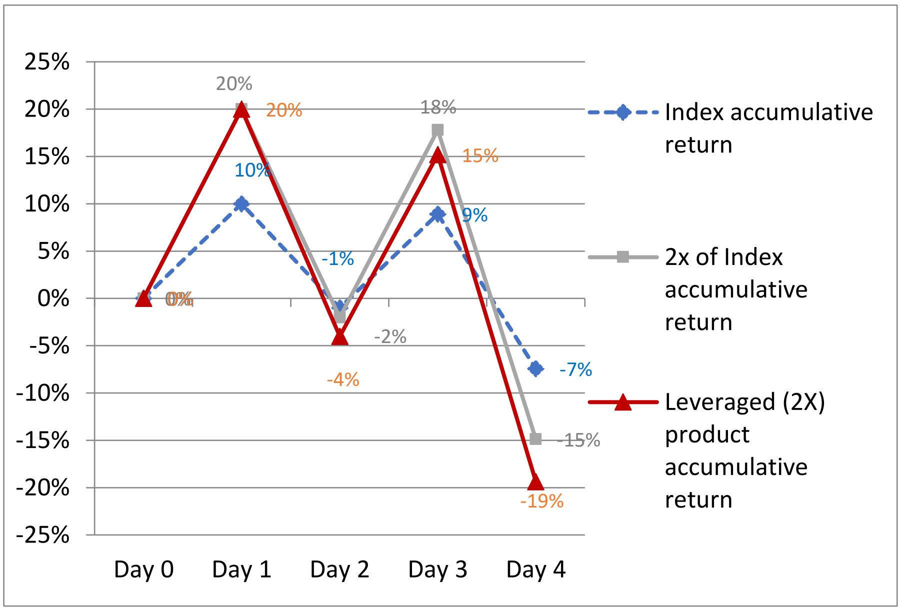


Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 19%, compared with a 15% loss which is twice the accumulative Index return.

	Index Daily return	**Index level**	**Index accumulative return**	**Leveraged product Daily return**	**Leveraged product NAV**	**Leveraged product accumulative return**	**2x of Index accumulative return**	**Difference**
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	-10%	99.00	-1%	-20%	96.00	-4%	-2%	-2%
Day 3	10%	108.90	9%	20%	115.20	15%	18%	-3%
Day 4	-15%	92.57	-7%	-30%	80.64	-19%	-15%	-4%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.

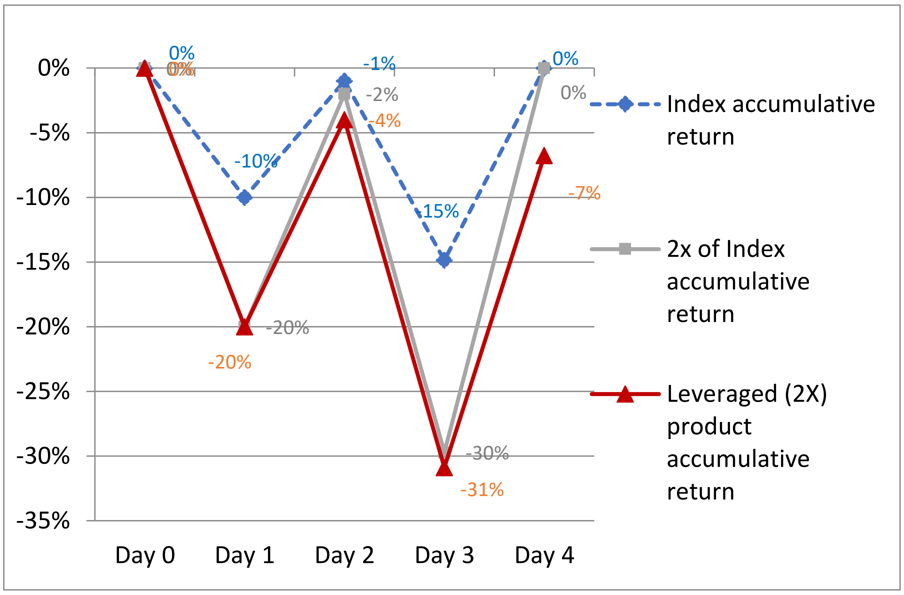


Scenario 5: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	**Index level**	**Index accumulative return**	**Leveraged product Daily return**	**Leveraged product NAV**	**Leveraged product accumulative return**	**2x of Index accumulative return**	**Difference**
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-14%	85.14	-15%	-28%	69.12	-31%	-30%	-1%
Day 4	17%	100.00	0%	35%	93.24	-7%	0%	-7%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables, the accumulative performance of the Product is not equal to twice the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the performance of the Index multiplied by two (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may not be twice the return of the Index and may be completely uncorrelated to the extent of change of the Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at http://csopasset.com/en/products/l-2xgold (this website has not been reviewed by the SFC), which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product tracks the leveraged performance of the Index, if observed on a Daily basis. However, due to path dependency of the Index and the Daily leveraged performance of the Index, when comparing the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical leveraged performance of the Index will not be equal to the simple leveraged performance of the Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Index and the leveraged performance of the Index. *Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.*

	Index		**Product (Index with a leverage factor of two)**	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	+20.00%	120.00
Day 3	-9.09%	100.00	-18.18%	98.18

Assuming the Product tracks twice the performance of the Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of the Product will be twice of the Index. That is, the Net Asset Value of the Product will rise by 20.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will fall by 18.18% if the Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Index and closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple performance of the Index multiplied by two.

Index Licence Agreement

The licence to use the Index took effect as of 16 April 2020 and will remain in full force and effect for an indefinite term unless terminated by either party in writing after the initial two years term subject to the terms of the licence agreement. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The Product is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Solactive Gold 1-Day Rolling Futures Index and/or the use of Solactive trade mark or the index price/prices of the Solactive Gold 1-Day Rolling Futures Index at any time or in any other respect. The Solactive Gold 1-Day Rolling Futures Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Solactive Gold 1-Day Rolling Futures Index is calculated correctly. Irrespective of its obligations towards CSOP Asset Management Limited, Solactive AG has no obligation to point out errors in the Solactive Gold 1-Day Rolling Futures Index to third parties including but not limited to investors and/or financial intermediaries of the Product. Neither publication of the Solactive Gold 1-Day Rolling Futures Index by Solactive AG nor the licensing of the Solactive Gold 1-Day Rolling Futures Index or Solactive trade mark for the purpose of use in connection with the Product constitutes a recommendation by Solactive AG to invest capital in the Product nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in the Product. Remember, the information in this Prospectus does not constitute tax, legal or investment advice and is not intended as a recommendation for buying or selling securities. The information and opinions contained in this Prospectus have been obtained from public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such. Solactive AG will not be responsible for the consequences of reliance upon any opinion or statement contained herein or for any omission.

Overview of the Gold Market

What is gold?

Gold is a precious metal with good electrical and thermal conductivity, and high resistance to corrosion. Gold is dense, soft, lustrous and was used throughout the world as a currency for exchanging products and services, long before the issuance of paper-based notes and coins. Today, gold is mostly used in jewellery. Moreover, gold can be used for industrial, medical and other technological purposes.

Throughout history, gold is used to preserve wealth by investors around the world. Owning gold has been regarded as a good hedge against inflation and deflation alike, and a good portfolio diversifier. From time to time, when there is a political or social crisis like war, gold can be an investment for hedging and storing value. As a global store of value, gold can also provide financial cover during geopolitical and macroeconomic uncertainty. However, there is no assurance that gold will maintain its long-term value in terms of its long-term future purchasing power.

Recent price trends / movements

According to LBMA Gold Price PM USD Index (Bloomberg ticker: GOLDLNPM) as of the end of December 2019, the gold price was up more than 18 per cent as compared to the price of gold in the end of December 2018. The precious metal is a traditional safe haven and demand typically rises in uncertain times. In addition, the current market environment with low or even negative yields on cash and bonds helped drive gold higher, along with uncertainty over whether the stock market bull run can last. In short, gold is supported by historically-low interest rates, while bond yields are not likely to rise materially any time soon.

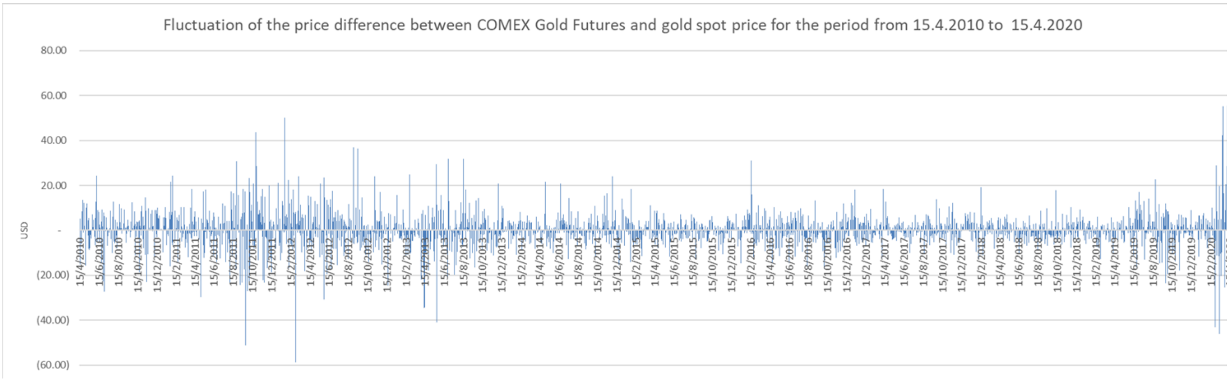
Difference between gold spot price and COMEX Gold Futures price

COMEX Gold Futures price is settled by physical delivery of gold which is specified by COMEX, currently set as one hundred (100) troy ounces of gold with a weight tolerance of 5% either higher or lower. Gold delivered under this contract shall assay to a minimum of 995 fineness and must be a brand approved by the COMEX.

By contrast, the LBMA Gold Price is operated and administered by an independent third-party provider, ICE Benchmark Administration (IBA). IBA, an independent specialist benchmark administrator, provide the price platform, methodology as well as the overall administration and governance for the LBMA Gold Price. The IBA platform is electronic, auction-based, tradeable, auditable and fully IOSCO-compliant solution for the London bullion marketplace.

Investors should note that the Product does not invest in the physical gold spot market and the Index is linked to COMEX Gold Futures but not physical gold or their spot prices. 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 Product may underperform twice (2x) the Daily performance of the spot price of gold bullion.

The below chart shows the fluctuation of the price difference between COMEX Gold Futures and gold spot price for the period from 15 April 2010 to 15 April 2020:



The fluctuation of price difference between COMEX Gold Futures and gold spot price was on average around 0.35% (in case of contango) and -0.33% (in case of backwardation) of the gold spot price, with the largest fluctuation of around 3.43% (in case of contango) and -3.32% (in case of backwardation) of the gold spot price.

Sources of gold supply

Based on data from Gold Focus 2018, gold supply averaged 4,439 tonnes per year between 2013 and 2017. Sources of gold supply include both mine production and recycled above-ground stocks and, to a lesser extent, producer net hedging. The largest portion of gold supplied to the market is from mine production, which averaged approximately 3,202 tonnes per year from 2013 through 2017. The second largest source of annual gold supply is recycling gold, which is gold that has been recovered from jewellery and other fabricated products and converted back into marketable gold. Recycled gold averaged approximately 1,207 tonnes annually between 2013 through 2017.

Sources of gold demand

Based on data from Gold Focus 2018, gold demand averaged 4,426 tonnes per year between 2013 and 2017. Gold demand generally comes from four sources: jewellery, industry (including medical applications), investment and the official sector (including central banks and supranational organizations). The largest source of demand comes from jewellery fabrication, which accounted for approximately 54% of the identifiable demand from 2013 through 2017 followed by net physical investment, which represents identifiable investment demand, which accounted for approximately 27%. Gold demand is widely dispersed throughout the world with significant contributions from India and China. In many countries there are seasonal fluctuations in the levels of demand for gold (especially jewellery). However, as a result of seasonal differences throughout the world, fluctuations in demand do not appear to have a significant impact on the global gold price. Between 2013 and 2017, according to Gold Focus 2018, central bank purchases averaged 514 tonnes. The prominence given by market commentators to this activity coupled with the total amount of gold held by the official sector has resulted in this area being one of the more visible shifts in the gold market.

The Offering Phases

After Listing

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

Dealings in the Units on the SEHK commenced on the Listing Date (5 June 2020).

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market in Application Unit size, from 9:30 a.m. (Hong Kong time) to 5:30 p.m. (Hong Kong time) on each Dealing Day.

Please note that the Manager does not expect to enter into or exit swap transaction(s) in order to effect a creation or redemption of Units. As such, swap fees (borne by the Product) (please refer to section "What is the Investment Strategy?") do not form part of the Duties and Charges payable by a Participating Dealer.

Exchange Listing and Trading (Secondary Market)

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

Dealings on the SEHK in Units traded in HKD began on 5 June 2020.

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

Distribution Policy

The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the Product.

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

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://csopasset.com/en/products/l-2xgold (this website has not been reviewed by the SFC).

The distribution policy may be amended subject to the SFC'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 Product (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://csopasset.com/en/products/l-2xgold and on HKEX's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx. The aforesaid websites have not been reviewed by the SFC.

There can be no assurance that distributions will be paid.

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

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

Fees and Expenses

Management Fee

The Product pays a Management Fee as a single flat fee, currently at 1.50% per year of the Net Asset Value of the Product. Please refer to the section "Fees and Expenses" as to the fees and charges included in the Management Fee. The Management Fee is calculated as at each Dealing Day and payable monthly in USD in arrears out of the Trust Fund.

The Management Fee may be increased up to 3% per year of the Net Asset Value of the Product, on one month's notice to Unitholders (or such shorter period as approved by the SFC). In the event that such fee is to be increased beyond this rate (which is the maximum rate set out in the Trust Deed), such increase will be subject to the Unitholders' and the SFC's approval.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its institutional rates.

Such institutional market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately USD3-5 per Future Contract levied by the broker.

The above rates will amount to approximately 0.16% per annum of the Net Asset Value and may increase to approximately 0.50% or more per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Swap Fees

Details of the swap fees and indirect costs are set out in the section "Swap fees" in this Appendix.

Risk Factors Specific to the Product

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

Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss may be more than twice the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the leveraged performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance increases or is flat.

Leverage Risk

The Product will utilise leverage to achieve a Daily return equivalent to twice (2x) the return of the Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage.

Risk of Rebalancing Activities

There is no assurance that the Product can rebalance their portfolio on a Daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity Risk

The rebalancing activities of the Product typically take place near the end of trading of the underlying futures market to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Volatility risk

Prices of the Product may be more volatile than conventional ETFs because of the use of leverage and the daily rebalancing activities.

Intraday Investment Risk

The Product is normally rebalanced at the end of trading of the COMEX Gold Futures (and/or Micro Gold Futures) on a Business Day. As such, return for investors that invest for period less than a full Trading Day will generally be greater than or less than two times (2x) leveraged investment exposure to the Index, depending upon the movement of the Index from the end of one Trading Day until the time of purchase.

Portfolio Turnover Risk

Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

Price Limit Risk

If the price of the COMEX Gold Futures (and/or Micro Gold Futures) included in the Product's portfolio hit certain price limits, depending on the time of the day and the limit being reached, the trading of the COMEX Gold Futures (and/or Micro Gold Futures) may be limited within the set price limits, suspended for a short period of time, or suspended for the remainder of the trading day. This may affect the Product's tracking of twice (2x) the Daily performance of the Index, and, if a trading halt takes place near the end of a trading day, may result in imperfect Daily rebalancing.

Trading Time Differences Risk

The COMEX and the SEHK have different trading hours. The trading hours of COMEX are from 5:00 p.m. to 4:00 p.m. Central Time from Sunday to Friday with a 60-minute break each day at 4:00 p.m. Central Time while the trading hours of SEHK are from 9:30 a.m. to 4:00 p.m. (Hong Kong time) from Monday to Friday with a 60-minute break each day at 12:00 noon (Hong Kong time). As the COMEX may be open when Units in the Product are not traded and priced on SEHK, the value of the COMEX Gold Futures (and/or Micro Gold Futures) in the Product's portfolio may change on days when investors will not be able to purchase or sell the Product's Units. Differences in trading times between the COMEX and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.

Risk relating to commodities market investments

Commodity Markets Specific Risks

Several factors may affect the price of commodities such as gold and, in turn, COMEX Gold Futures (and/or Micro Gold Futures) owned by the Product, 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 gold ores), 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. The official sector consists of central banks, other governmental agencies and multi-lateral institutions that buy, sell and hold gold as part of their reserve assets. The official sector holds a significant amount of gold, most of which is static, meaning that it is held in vaults and is not bought, sold, leased or swapped or otherwise mobilised in the open market. A number of central banks have sold portions of their gold over the past 10 years, with the result that the official sector, taken as a whole, has been a net supplier to the open market. From 1999 to September 2019, most sales were made in a coordinated manner under the terms of the Central Bank Gold Agreement, under which 15 of the world's major central banks (including the European Central Bank) agreed to limit the level of their gold sales and lending to the market. However, the Central Bank Gold Agreement expired in September 2019. As a result, it is possible that the members of the official sector can liquidate their gold assets all at once or in an uncoordinated manner, in which case the demand for gold might not be sufficient to accommodate the sudden increase in the supply of gold to the market. Consequently, the price of gold could decline significantly;

(e) Other political factors. In addition to the 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.

Commodity Volatility Risk

An exchange traded fund such as the Product which has exposure to the commodities markets such as gold may be subject to greater volatility than traditional securities. The value of gold may be affected by changes in overall market movements, 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 gold futures contracts may drop to zero or negative value within a short period of time. Investors may suffer substantial / total loss by investing in the Product.

Accountability levels risk

The Product may be asked by the CME Group Inc. 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 and tracking difference of the Product.

Correlation to General Financial Markets Risk

Historically, returns of commodities Futures Contracts (including COMEX Gold Futures and/or Micro Gold Futures) 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 Index is not 100% negatively correlated with financial assets such as stocks and bonds means that the Product 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.

Spot vs. Futures Risk

The Product tracks the Index which is based upon the price movement of the active COMEX Gold Futures. The Product does not invest in the physical gold. The risk of investing in a COMEX Gold Futures (and/or Micro Gold Futures) is that it can be speculative in nature. A COMEX Gold Futures (and/or Micro Gold Futures) is a standardised financial contract where the parties agree to deliver gold physically at a future date at a future price. As a result, a futures market for gold is not a spot market, does not involve primary activity and is speculative in nature as deals are struck at future prices where the holder of a COMEX Gold Futures (and/or Micro Gold Futures) is purchasing an obligation to buy or sell the gold at a future specified date, which may not be the best price at the time the contract is completed, and may not accurately reflect or correspond to gold spot price at the time of delivery, depending on what happens in the markets during the intervening period. By contrast, in a spot market gold are sold for cash at current prices and delivered immediately. A spot market is a real time market where the transaction becomes effective immediately and the purchaser accepts delivery of, or immediately, resells the asset, e.g. gold. The Product does not invest in the physical gold market, and the Product is exposed to the potential risks involved of using COMEX Gold Futures (and/or Micro Gold Futures) which are speculative in nature from other investments.

Concentration/single commodity risk

The Product will primarily invest in single active COMEX Gold Futures (and/or Micro Gold Futures) generally. This may result in large concentration risk and the price volatility of the Product may be higher than that of a product which holds futures contracts with different expiring months. The number of commodities represented by such COMEX Gold Futures (and/or Micro Gold Futures) is only one (i.e. only gold). Concentration in a single underlying commodity may also result in a greater degree of volatility in a COMEX Gold Futures (and/or Micro Gold Futures) and as a result, the Index as well as the Net Asset Value of the Product under specific market conditions and over time. As the exposure of the Product is concentrated in the gold market, it is more susceptible to the effects of gold price volatility than more diversified funds.

Deviation of Futures Contract and commodity price risk

The Product does not invest in the physical gold spot market. 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 Product may underperform twice (2x) the Daily performance of the spot price of gold bullion.

Gold Market Risk

The investments of the Product are concentrated in COMEX Gold Futures (and/or Micro Gold Futures). The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Product may be more susceptible to adverse conditions in the gold market.

The gold price, and thus the prices of COMEX Gold Futures (and/or Micro Gold Futures), is affected by numerous factors beyond the Manager’s or the Trustee’s control, including the following, and may fluctuate widely:

a) Global or regional political, economic or financial events and situations;

b) Investors' expectations with respect to the future rates of inflation and movements in world equity, financial and property markets;

c) Global gold supply and demand, which is influenced by such factors as mine production and net forward selling activities by gold producers, central bank purchases and sales, jewellery demand and the supply of recycled jewellery, net investment demand and industrial demand, net of recycling;

d) Interest rates and currency exchange rates, particularly the strength of and confidence in the United States dollar (to which the Hong Kong dollar is pegged); and

e) Investment and trading activities of hedge funds, commodity funds and other speculators.

In particular large scale sales of gold may have an adverse impact on the performance of the Product:

- The possibility of large scale distress sales of gold in times of crisis may have a short term negative impact on the price of gold and adversely affect an investment in the Units of the Product. For example, the 1998 Asian financial crisis resulted in significant sales of gold by individuals which depressed the price of gold. Crises in the future may impair gold’s price performance which would, in turn, adversely affect an investment in the Units of the Product.

- The official sector consists of central banks, other governmental agencies and multi-lateral institutions that buy, sell and hold gold as part of their reserve assets. The official sector holds a significant amount of gold, most of which is static, meaning that it is held in vaults and is not bought, sold, leased or swapped or otherwise mobilized in the open market. A number of central banks have sold portions of their gold over the past 10 years, with the result that the official sector, taken as a whole, has been a net supplier to the open market. Since 1999, most sales have been made in a coordinated manner under the terms of the Central Bank Gold Agreement, under which 15 of the world's major central banks (including the European Central Bank) agreed to limit the level of their gold sales and lending to the market. Although the Central Bank Gold Agreement was renewed for two five-year terms (expiring 26 September 2019), it is possible that it may not be extended further beyond 2019. In the event that future economic, political or social conditions or pressures require members of the official sector to liquidate their gold assets all at once or in an uncoordinated manner, the demand for gold might not be sufficient to accommodate the sudden increase in the supply of gold to the market. Consequently, the price of gold could decline significantly, which would adversely affect an investment in the Units of the Product.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

Investments in Futures Contracts exposes the Product to a liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Contango Risk

The process of rolling will subject the Product to contango risks. For example, a Futures Contract may specify a March expiration. As time passes, the Futures Contract expiring in March is replaced by a contract for expiry in April by selling the March contract and purchasing the April contract. Excluding other considerations, if the market for these Futures Contracts is in "contango", where the prices are higher in the distant expiry months than in the nearer expiry months (which move down over time to converge to the spot price), the sale of the March contract would take place at a price that is lower than the price of the April contract. Accordingly sale proceeds when rolling (selling and then buying the Futures Contracts) will not be sufficient to purchase the same number of Futures Contracts which have a higher price, thereby creating a negative "roll yield" which adversely affects the Net Asset Value. Such negative roll yield is likely to be larger than the negative roll yield experienced by a comparable unleveraged gold futures ETF. 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 Product will not suffer an immediate loss or enjoy an immediate gain due to "rollover". Given that the Product needs to rollover to the futures contracts for the purpose of replicating the Index, the roll yield is reflected in the performance of the Index.

Margin Risk

Generally, most leveraged transactions, such as 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 Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. Like other leveraged investments, a futures transaction by the Product may result in losses in excess of the amount invested by the Product. 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

Product 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 may be uncorrelated to traditional markets (such as commodities 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 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.

Clearing House's Failure Risk

In the event of the bankruptcy of the exchange's clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange's clearing house if the exchange's clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

Holding of Futures Contracts Restriction Risk

COMEX Gold Futures has position limit for gold futures of 6,000 contracts in the active month (single month) that become effective at the close of trading on the business day prior to the First Notice Day of the delivery month and 8,000 contracts in all months (aggregated). As such, the positions held by a Product and controlled by the Manager (i.e. of other products) may not in aggregate exceed the relevant maximum. Because Unitholders do not themselves hold Futures Contracts or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the relevant regulation. Whilst the Manager does not anticipate that this will have any immediate effect on a Product, if the Net Asset Value of a Product grows significantly the restrictions under the relevant regulation may prevent creations of Units due to the inability under the relevant regulation of the Product to acquire further Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The position limit may have adverse impact to the Product and may cause substantial loss to the Product.

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 Product 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 Product and what can be done, if anything, to try and limit such impact.

Mandatory Measures imposed by Relevant Parties Risk

Regarding the Product'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 Product's futures positions and/or mandatory liquidation of part or all of the Product'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 Product's Unitholders and in accordance with the Product's constitutive documents, including suspension of creation of the Product's units and/or secondary market trading, implementing alternative investment and/or hedging strategies and termination of the Product. These corresponding actions may have an adverse impact on the operation, secondary market trading, index-tracking ability and the Net Asset Value of the Product. 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.

Risks associated with investing in Swaps

Limited Availability of Swaps Risk

The Manager's ability to manage the Product in accordance with its stated investment objective will depend upon the willingness and ability of potential Swap Counterparties to engage in Swaps with the Product linked to the performance of the underlying Futures Contract in respect of the Index. A Swap Counterparty's ability to continue to enter into Swaps or other derivative transactions with the Product may be reduced or eliminated, which could have a material adverse effect on the Product. Furthermore, Swaps are of limited duration and there is no guarantee that Swaps entered into with a Swap Counterparty will continue indefinitely. Accordingly, the duration of a Swap depends on, among other factors, the ability of the Product to renew the expiration period of the relevant Swap at agreed upon terms. If the Product is unable to obtain sufficient exposure to the performance of the Index because of the limited availability of Swaps linked to the performance of the underlying Futures Contract in respect of the Index, the Product could, among other alternatives, as a defensive measure, suspend creations until the Manager determines that the requisite swap exposure is obtainable. During the period that creations are suspended, the Product could trade at a significant premium or discount to the Net Asset Value and could experience substantial redemptions. To the extent that such events result in a termination event under the Product's Swaps, the risks related to the limited availability of Swaps would be compounded and the Product may be adversely affected.

Counterparty Risk

Because a Swap is an obligation of the Swap Counterparty rather than a direct investment in the underlying Futures Contract in respect of the Index, the Product may suffer losses potentially equal to, or greater than, the full value of the Swap if the Swap Counterparty fails to perform its obligations under the Swap as a result of bankruptcy or otherwise. Any loss would result in a reduction in the Net Asset Value of the Product and will likely impair the Product's ability to achieve its investment objective. The counterparty risk associated with the Product's investments is expected to be greater than that may be encountered by most other funds because the Product expects to use Swaps as a principal means to gain exposure to the Index. Despite the counterparty risk management measures in place, the management of the Product's net exposure to each Swap Counterparty to zero is subject to settlement risks arising from settlement failures and market risks (including price movements prior to the required cash payment by the Swap Counterparty to the Product) as out in the terms of the Swap transactions. The Product's net exposure to each Swap Counterparty may exceed zero if any such risks eventuate. The extent of the Product's potential loss arising in this regard is likely to be the amount of the Product's net counterparty exposure.

The Manager will manage the Product to ensure that the collateral held by the Product will represent at least 100% of the Product's gross total counterparty risk exposure and be maintained, marked-to-market on a daily basis, with a view to ensuring that there is no uncollateralised counterparty risk exposure at the end of a trading day. If the collateral held by the Product is not at least 100% of the Product's gross total counterparty risk exposure in respect of any trading day T, by the end of that trading day T, the Manager will generally require that each Swap Counterparty deliver additional collateral assets to make up for the difference in value, with the settlement of such delivery expected to occur on or before trading day T+2. Despite the counterparty risk management measures in place, the management of the Product's net exposure to each Swap Counterparty to zero is subject to settlement risks arising from settlement failures and market risks (including price movements prior to the required cash payment by the Swap Counterparty to the Product). Any delay in the cash payment by the Swap Counterparty to the Product prior to the end of the relevant trading day T+2 may cause the Product's exposure to a Swap Counterparty to be larger than zero from time to time.

This may result in significant losses for the Product in the event of the insolvency or default of that Swap Counterparty.

In some circumstances, a Swap Counterparty can terminate the swap agreements early which may adversely impact the Product's performance. Such early termination can also impair the Product's ability to achieve its investment objective and may subject the Product to substantial loss. Also, the Product may face an increase in the cost to enter into a similar swap agreement with additional Swap Counterparties.

The Product will bear the swap fees, which are subject to the discussion and consensus between the Manager and the Swap Counterparty based on the actual market circumstances on a case-by-case basis. The current swap fees are a best estimate only and may deviate from the actual market conditions. In extreme market conditions and exceptional circumstances, the brokerage commission and the Swap Counterparty's costs of financing the underlying hedge may increase significantly and in return increase the swap fees.

Liquidity Risk

Swaps may be subject to liquidity risk, which exists when a particular Swap is difficult to purchase or sell. If a Swap transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price, which may result in significant losses to the Product. In addition, a Swap may be subject to the Product's limitation on investments in illiquid underlying assets. Swaps may be subject to pricing risk, which exists when a particular Swap becomes extraordinarily expensive (or inexpensive) relative to historical prices or the prices of corresponding cash market instruments. The swaps market is largely unregulated. It is possible that developments in the swaps market, including potential government regulation, could adversely affect the Product's ability to terminate existing Swaps or to realise amounts to be received under such agreements. There is also no active market in derivative instruments and therefore investment in derivative instruments can be illiquid. In order to meet requests, the relevant Product relies upon the issuer of the derivative instruments to quote a market to unwind any part of the derivative instruments that will reflect the market liquidity conditions and the size of the transaction.

Valuation Risk

The Product's assets, in particular Swaps entered into by the Product, involve derivative techniques that may be complex and specialised in nature. Valuations for such assets will only usually be available from a limited number of market professionals which frequently act as counterparties to the transactions to be valued. Such valuations are often subjective and there may be substantial differences between any available valuations. However the Manager will carry out an independent verification of this valuation on a daily basis as described under "Determination of Net Asset Value" section.

Legal Risk

The characterisation of a transaction or a party's legal capacity to enter into it could render the Swap unenforceable. The insolvency or bankruptcy of a counterparty may also affect the enforceability of contractual rights.

Mandatory Measures imposed by Relevant Parties Risk

Regarding the Product's Swaps, relevant parties (such as Swap Counterparties, participating dealers and stock exchanges) may impose certain mandatory measures for risk management purpose under extreme market circumstances. These measures may include early termination of the Swaps, no further Swap contracts signed and having limited or no access to exposure. In response to such mandatory measures, the Manager may have to take corresponding actions in the best interest of the Product's Unitholders and in accordance with the Product's constitutive documents, including suspension of creation of the Product's units and/or secondary market trading, implementing alternative investment and/or hedging strategies and termination of the Product.

These corresponding actions may have an adverse impact on the operation, secondary market trading, index-tracking ability and the Net Asset Value of the Product. 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.

Risks of investing in fixed income securities

Credit/counterparty Risk

Investment in fixed income securities is subject to the credit risk of the security or its issuers, who may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the securities or the issuers of the fixed income securities held by the Product, the Product's value will be adversely affected and investors may suffer a substantial loss as a result. The Manager may or may not be able to dispose of the securities that are being downgraded. There may also be difficulties or delays in enforcing rights against the issuers who will generally be incorporated overseas and therefore not subject to the laws of Hong Kong.

Interest Rate Risk

Investment in the Product is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

Sovereign Debt Risk

The Product's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Product to participate in restructuring such debts. The Product may suffer significant losses when there is a default of sovereign debt issuers.

Credit Ratings Risks

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

Risks relating to the Product and the Index

Leveraged Performance of Index

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than leveraged performance of an index or benchmark. Should the price of the Index decrease, the use of a leverage factor of 2 in the Product will trigger an accelerated decrease in the value of the Product's Net Asset Value compared to the Index (which has a leverage factor of 1, i.e. no leverage). As such, Unitholders could, in certain circumstances including a bear market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with leverage and Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily leveraged results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the leveraged performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking a leveraged position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily leveraged performance of the Index over a certain period may not be twice the point-to-point performance of the Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Index. Please refer to the section "Explanation on Path Dependency" above.

Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, may deviate from the leveraged performance of the Index.

Suspension of Creation Risk

There can be no assurance that there are sufficient COMEX Gold Futures (and/or Micro Gold Futures) in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the COMEX Gold Futures (and/or Micro Gold Futures), and delay or disruption in execution of trades or in settlement of trades.

Investment in Other Funds Risk

As part of the Product's investment strategy, the Manager may invest in other investment products. The Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. In particular, as an investor in such funds, the Product 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 Product to the Manager.

Distributions Out Of or Effectively Out Of Capital Risk

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

Foreign Exchange Risk

The Product's Base Currency is in USD but has Units traded in HKD. Accordingly secondary market investors may be subject to additional costs or losses associated with foreign currency fluctuations between the Base Currency and HKD when trading units in the secondary market.

USD Distributions Risk

Investors should note that Unitholders 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.

New Product Risk

The Product is a leveraged product investing directly in COMEX Gold Futures. Although there have been commodities exchange traded funds, futures-based exchange traded funds and equity-based leveraged or inverse products in Hong Kong, the Product is the first product tracking the leveraged performance of a single commodity futures index in Hong Kong. The novelty and untested nature of such a leveraged product and the fact that the Product is the first of its kind in Hong Kong makes the Product riskier than traditional exchange traded funds or products tracking the leveraged or inverse performance of equity indices.

Excess Return Index Risk

The Index is an excess return index, which means the Index measures the returns accrued from investing in uncollateralised COMEX Gold Futures (i.e. the sum of the price return and the roll return associated with an investment in COMEX Gold Futures). By contrast, total return indices, in addition to reflecting those returns, also reflect interest that could be earned on funds committed to the trading of the Futures Contracts included in such indices (i.e. the collateral return associated with an investment in Futures Contracts). The leveraged performance of the Product will therefore not be the same as would be the leveraged performance of the relevant COMEX Gold Futures or in total return indices related to such COMEX Gold Futures.

Proprietary Investment / Seed Money Risk

The assets under management at any time during the life of the Product may include proprietary money (or "seed money") invested by one or more interested parties, such as participating dealers, and such investment may constitute a significant portion of such assets under management. Investors should be aware that such an interested party may (i) hedge any of its investments in whole or part, thereby reducing or removing its exposure to the performance of the Product; and (ii) redeem its investment in the Product at any time, without notice to Unitholders. Such an interested party is under no obligation to take the interests of other Unitholders into account when making its investment decisions. There is no assurance that any such monies will continue to be invested in the Product by an interested party for any particular length of time. As many of the expenses of the Product are fixed, a higher amount of assets under management may reduce the expenses of the Product per Unit and a lower amount of assets under management may increase the expenses of the Product per Unit. As with any other redemption representing a material portion of the Product's assets under management, a significant redemption of any such proprietary investment may affect the management and/or performance of the Product and may, in certain circumstances (i) cause remaining investors' holdings to represent a higher percentage of the Net Asset Value of the Product, (ii) cause other investors in the Product to redeem their investment, and/or (iii) lead the Manager, with the consultation of the Trustee, to determine that the Product, has become unmanageable and to consider taking exceptional measures, such as terminating the Product, in accordance with the Trust Deed, in which case Unitholders' investments would be redeemed in their entirety.

Appendix dated 24 July 2024

APPENDIX 3: CSOP CSI 300 INDEX DAILY (2X) LEVERAGED PRODUCT

Key Information

Set out below is a summary of key information in respect of CSOP CSI 300 Index Daily (2x) Leveraged Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index
Index	CSI 300 Index (the "Index")
Initial Offer Period	9:00 a.m. (Hong Kong time) of 23 July 2020 to 4:00 p.m. (Hong Kong time) of 23 July 2020, or such other date as the Manager may determine
Initial Issue Date	24 July 2020, or such other date as the Manager may determine
Issue Price during the Initial Offer Period	RMB 7
Listing Date (SEHK)	Expected to be 27 July 2020, but may be postponed by the Manager to a date no later than 10 September 2020
Exchange Listing	SEHK – Main Board
Stock Code	7233
Short Stock Name	XL2CSOPCSI300
Trading Board Lot Size	100 Units
Base Currency	RMB
Trading Currency	HKD
Distribution Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs. Further, the Manager may, at its discretion, pay distributions out of capital or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of distributions and therefore, distributions may be paid effectively out of capital. All Units will receive distributions in the base currency

	(RMB) only*.
Creation/Redemption Policy	Cash (RMB) only
Application Unit Size (only by or through Participating Dealers)	Minimum 800,000 Units (or multiples thereof)
Dealing Deadline	2:30p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Management Fee	Currently 1.60% per year of the Net Asset Value
Financial Year End	31 December (The first half-yearly unaudited reports and the first annual financial reports for the Product will be for the period from the fund launch to the half year ending 30 June 2021 and the year ending 31 December 2021 respectively.)
Website	http://csopasset.com/en/products/l-cs3 (this website has not been reviewed by the SFC)

** In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions and to consider the risk factor entitled "RMB Distributions Risk" below.*

What is the Investment Objective?

The investment objective of the Product is to provide investment results, before fees and expenses closely correspond to twice (2x) the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

What is the Investment Strategy?

The Manager intends to adopt a Swap-based synthetic replication strategy to achieve the investment objective of the Product, pursuant to which the Product will enter into more than one partially-funded Swap (which are over-the counter financial derivative instruments entered into with more than one Swap Counterparty) whereby the Product will provide a portion of the net proceeds from subscription from the issue of the Units as initial margin ("**Initial Amount**") to the Swap Counterparties which will be held by the custodian appointed by the Trustee in a segregated account and will only be transferred to the Swap Counterparties when the Product defaults and in return the Swap Counterparties will provide the Product with an exposure to the Index (net of transaction costs).

No more than 64% of the Net Asset Value of the Product from time to time will be used as Initial Amount by way of pure cash to acquire the Swaps. Under exceptional circumstances (e.g. increased Initial Amount requirement by the Swap Counterparty in extreme market turbulence), the Initial Amount requirement may increase substantially. The Initial Amount will be transferred to the Product's custodian appointed by the Trustee who will hold the amount for the Product in a designated account, and the Swap Counterparty will have a security interest over the Initial Amount (and the relevant account) upon such transfer. There is no transfer of legal title, and the Initial Amount remains with the Product, but a security interest will be created thereupon in favour of the Swap Counterparty.

Not less than 26% of the Net Asset Value (this percentage may be reduced proportionately under exceptional circumstances where there is a higher Initial Amount requirement, as described above) will be invested in cash (HKD, RMB or USD) and other HKD, RMB or USD denominated investment products, such as deposits with banks in Hong Kong and HKD, RMB or USD denominated short-term (i.e. maturity less than 3 years) investment-grade bonds and money market funds in accordance with the requirements of the Code. Yield in HKD, RMB or USD (as the case may be) from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to the Unitholders in HKD, RMB or USD.

No more than 10% of the Net Asset Value may be invested in collective investment scheme which may be eligible schemes (as defined by the SFC) or authorised by the SFC, or non-eligible scheme and not authorised by the SFC (including ETFs listed on stock exchanges in PRC mainland) in accordance with all the applicable requirements of the Code. The above investments may be made through the Manager's status as QFI. For the avoidance of doubt, the Product's investment in the money market funds mentioned in the preceding paragraph is not subject to this limit. Any investments in ETFs will be considered and treated as collective investment schemes for the purposes of and subject to the requirements in 7.11, 7.11A and 7.11B of the Code. All investments of the Product other than Swaps will comply with 7.36 to 7.38 of the Code.

The Manager has no current intention to enter into any securities lending, repurchase and reverse repurchase or similar transactions in respect of the Product.

The Product will be rebalanced Daily, on each day when the A-Share market and SEHK are open for trading (i.e. a Business Day), as further described below.

Daily rebalancing of the Product

The Product will rebalance its position on a day when the underlying A-Share market (i.e. Shanghai Stock Exchange and Shenzhen Stock Exchange) and SEHK is open for trading (i.e. a Business Day). At or around the close of the trading of the underlying A-Share market on each Business Day, the Product will seek to rebalance its portfolio, by increasing exposure in response to the Index's Daily gains or reducing exposure in response to the Index's Daily losses, so that its Daily leveraged exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as a leveraged product will rebalance its position following the movement of the Index by the end of trading of the underlying A-Share market. Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have an exposure of 200 to meet the objective of the Product. If the Index increases by 10% during the day, the Net Asset Value of the Product would have increased to 120, making the exposure of the Product 220. As the Product needs an exposure of 240, which is 2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional 20. Day 1 illustrates the rebalancing requirements if the Index falls by 5% on the subsequent day.

	Calculation	Day 0	Day 1	Day 2
(a) Initial Product NAV		100	120	108
(b) Initial exposure	(b) = (a) × 2	200	240	216
(c) Daily Index change (%)		10%	-5%	5%
(d) Profit / loss on exposure	(d) = (b) × (c)	20	-12	10.8
(e) Closing Product NAV	(e) = (a) + (d)	120	108	118.8
(f) Exposure	(f) = (b) × (1+(c))	220	228	226.8
(g) Target exposure to maintain leverage ratio	(g) = (e) × 2	240	216	237.6
(h) Required rebalancing amounts	(h) = (g) - (f)	20	-12	10.8

The above figures are calculated before fees and expenses.

Counterparty Exposure

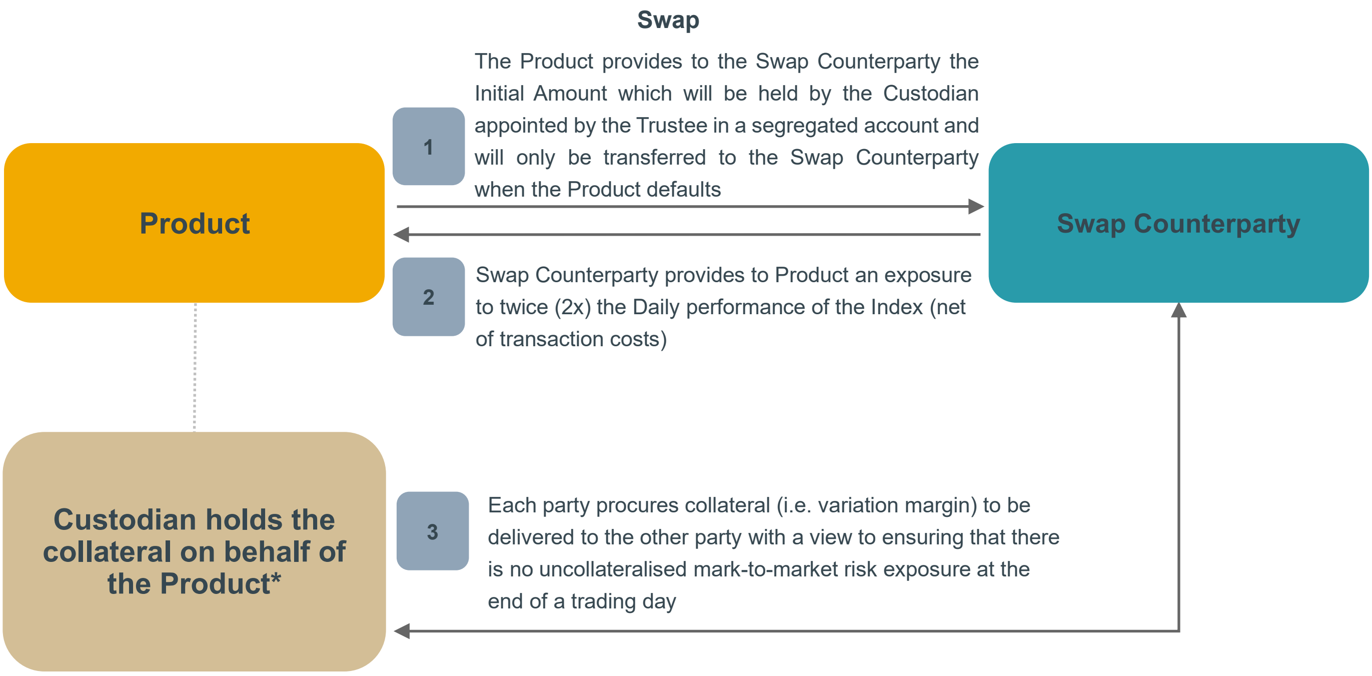
Collateral arrangements will be taken in relation to these derivative transactions with a view that the percentage of the counterparty risk exposure (expressed as a percentage of net assets) is reduced to zero.

To collateralise the mark-to-market exposure under the relevant Swap, additional amounts will be transferred as variation margin (either by the Product to the Swap Counterparty or vice versa) on each business day during the Swap transaction. Such variation margin will be transferred by way of title transfer, or by way of a security interest with a right of use (analogous to title transfer) granted thereon. During this process, the Manager will manage the Product to ensure that the collateral held by the Product will represent at least 100% of the Product's gross total counterparty risk exposure and be maintained, marked-to-market on a daily basis, with a view to ensuring that there is no uncollateralised counterparty risk exposure at the end of a trading day (subject to intra-day price movements, market risk and settlement risk etc.). If the collateral held by the Product is not at least 100% of the Product's gross total counterparty risk exposure in respect of any trading day T, by the end of that trading day T, the Manager will generally require that each Swap Counterparty deliver additional collateral assets (i.e. variation margin) to make up for the difference in value, with the settlement of such delivery expected to occur on or before trading day T+2.

Each Swap Counterparty will deliver collateral with a view to reduce the net exposure of the Product to each counterparty to 0% (zero per cent), although a minimum transfer amount of up to USD250,000 (or currency equivalent) will be applicable.

Diagrammatic Illustration of Synthetic Replication Strategy

Please see below a diagram illustrating the operation of the swap-based synthetic replication investment strategy above:



** The Initial Amount will be held by the Custodian in a segregated account subject to security interest.*

Swap Transaction

Each Swap is documented by a confirmation which supplements, forms part of and is governed by a 2002 ISDA Master Agreement with schedule thereto (together with an ISDA Credit Support Annex and/or ISDA Credit Support Deed in respect thereof), in each case, entered into by the Trustee on behalf of the Product and the Swap Counterparty. ISDA documentation is published by the International Swaps and Derivatives Association, Inc.

Prior to commencing any transaction with a Swap Counterparty under a Swap, the Manager has obtained (if such Swap Counterparty is an existing swap counterparty) or will obtain (if such Swap Counterparty is a new swap counterparty) legal opinions or such other confirmations or assurances from the Swap Counterparties reasonably acceptable to the Product, confirming that (a) such Swap Counterparty has the capacity and authority to enter into the relevant Swap and (b) the obligations expressed to be assumed by such Swap Counterparty under the relevant Swap constitute legal, valid, binding obligations of the Swap Counterparty enforceable against it in accordance with their terms. The enforceability of the termination, bilateral close-out netting and multibranch netting provisions in the 2002 ISDA Master Agreement in the relevant jurisdictions in which enforcement action may be brought is covered by standard netting opinions commissioned by ISDA. In respect of each Swap, none of the “Events of Default” or the “Termination Events” contained in the 2002 ISDA Master Agreement has been disapplied in respect of the relevant Swap Counterparty (although some of them have been amended to reflect the nature of the Swap Counterparty, the Trustee and the Product and certain “Additional Termination Events” have also been inserted in respect of the Trustee and the Product). The Trustee (on behalf of the Product) has the right, in the event of insolvency or the occurrence of certain other “Events of Default” or “Termination Events” of the Swap Counterparty that are continuing at the relevant time, to terminate the Swap on behalf of the Product at any time (such termination may take effect immediately) and without any approval from the Swap Counterparty.

The actual termination events vary according to the negotiation between the Manager and each Swap Counterparty. The followings are some examples of “Termination Events”:

(a) decline in the Net Asset Value of the Product to a prescribed triggering level;

(b) illegality of other similar events which affects the ability of the Swap Counterparty or the Product to perform its obligations under the Swap agreement;

(c) change of Manager or Trustee; and

(d) termination of the Product.

Criteria for Selection of Swap Counterparty

In selecting a Swap Counterparty (or a replacement Swap Counterparty), the Manager will have regard to a number of criteria, including but not limited to the fact that the prospective Swap Counterparty or its guarantor is a substantial financial institution (as defined under the Code) subject to an on-going prudential and regulatory supervision, or such other entity acceptable to the SFC under the Code. The Manager may also impose such other selection criteria as it considers appropriate. A Swap Counterparty must be independent of the Manager.

As at the date of this Prospectus, the Swap Counterparties to the Product and their guarantors (where relevant) are:

Swap Counterparty	**Place of incorporation of the Swap Counterparty**	**Standard & Poor's credit rating**
UBS AG	Switzerland	A-
CICC Financial Trading Limited#	Hong Kong	BBB
J.P. MORGAN SECURITIES PLC	United Kingdom	A+
CITIGROUP GLOBAL MARKETS LIMITED	United Kingdom	A+
BNP PARIBAS SA	France	A+
SOCIETE GENERALE	France	A
HSBC Bank Plc	England & Wales	A+

The Manager will publish, *inter alia*, the latest list of the identity of the Swap Counterparty of the Product, as well as the Product's gross and net exposure to each such Swap Counterparty, on the Manager's website at http://csopasset.com/en/products/l-cs3 (which has not been reviewed by the SFC).

 # The parent company of CICC Financial Trading Limited, China International Capital Corporation (International) Limited, has provided an unconditional and irrevocable guarantee as the guarantor of CICC Financial Trading Limited to guarantee the performance of the obligations of CICC Financial Trading Limited under the Swap transactions. The guarantor currently maintains and will continue to maintain its net asset value for not less than HK$2 billion at any time any Swap transaction is outstanding. Both CICC Financial Trading Limited and China International Capital Corporation (International) Limited are wholly owned subsidiaries of China International Capital Corporation Limited, which is prudentially regulated and supervised by the CSRC.

Collateral Arrangements

The Manager seeks the provision of collateral to mitigate potential counterparty risks, with a view to ensuring that there is no uncollateralized counterparty risk exposure subject to the minimum transfer amounts described in the section headed "Counterparty Exposure" above. The collateral held by the Product should represent at least 100% of the Product's gross total counterparty risk exposure towards the Swap Counterparties, with the value of the collateral marked to market by the end of each trading day. Where collateral taken is in the nature of cash and/or government bonds, the market value of such cash and/or government bond collateral should represent at least 100% of the related gross counterparty risk exposure towards the Swap Counterparties.

Collateral may take such form as the Manager considers appropriate, and currently it is in the form of bonds and/or cash. If a Swap Counterparty becomes insolvent, or if a Swap Counterparty fails to pay any sum payable under the Swap when due and after a demand has been made, or if other events of default specified in the relevant swap agreement occur, the Product, subject to the terms of the swap agreement, shall be entitled to enforce the relevant collateral and obtain full title thereof. In such instances, the Product's obligations to return the collateral will be offset against the Swap Counterparty's obligation to pay under the swap agreement.

The Manager has adopted measures to monitor the eligibility criteria and valuation of collateral provided to the Product on an ongoing basis.

Collaterals taken by the Product shall comply with all applicable requirements under the Code, including Chapter 8.8(e) of the Code as supplemented by such other guidance from the SFC from time to time.

The following criteria will be observed when accepting assets as collaterals for the Product: liquidity, daily valuation, credit quality, price volatility, diversification, correlation, management of operational and legal risks, enforceability, not being available for secondary recourse and involving no structured product. Only cash collateral will be reinvested in accordance with the collateral policy set out in Part 1 of this Prospectus.

The details of the collateral requirements required under the UT Code and the collateral policy of the Trust and the Product are set out in in Part 1 of this Prospectus.

Collateral provided to the Product must be held by the Trustee or any custodian duly appointed by the Trustee.

Details of the collateral management policy can be found at the Manager's website at http://csopasset.com/en/products/l-cs3 (which has not been reviewed by the SFC).

Other than Swaps, the Manager may invest in financial derivative instruments for hedging purposes, but it has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for non-hedging (i.e. investment) purposes.

The Product's net derivative exposure may be more than 100% of its Net Asset Value.

Swap Fees

The Product will bear the swap fees, which includes all costs associated with Swap transactions and are subject to the discussion and consensus between the Manager and the Swap Counterparty based on the actual market circumstances on a case-by-case basis. The swap fees represent a variable spread (which can be positive or negative) plus SHIBOR which reflects the brokerage commission and the Swap Counterparty's cost of financing the underlying hedge.

If the swap fees is a positive figure, then it denotes the fee that the Product pays to the Swap Counterparties, and may result in a negative impact on the tracking difference of the Product. On the contrary, if the swap fees is a negative figure, the Swap Counterparties will pay to the Product and may lead to a positive impact on the tracking difference of the Product (Currently the swap fees are expected to range from -2.00% to 3.00% per annum of the Swap notional amount, i.e.

from -4.00% to 6.00% per annum of the Product's Net Asset Value. This is a best estimate only and may deviate from the actual market conditions). In extreme market conditions and exceptional circumstances, the brokerage commission and the Swap Counterparty's costs of financing the underlying hedge may increase significantly and in return increase the swap fees. When the actual swap fee level exceed the disclosed level, the Manager will issue notice to the investors. The Product shall bear the swap fees (including any costs associated with the entering into, or unwinding or maintenance of, any hedging arrangements in respect of such Swaps). Swap fees are accrued daily and spread out over the month. The maximum unwinding fee payable by the Product is 50bps per transaction on the notional amount of the Swap unwound.

The Manager will disclose the swap fees in the semi-annual and annual financial reports of the Product. The swap fees will be borne by the Product and hence may have an adverse impact on the Net Asset Value and the performance of the Product, and may result in higher tracking error.

Borrowing Policy and Restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

The offshore RMB market

What led to RMB internationalisation?

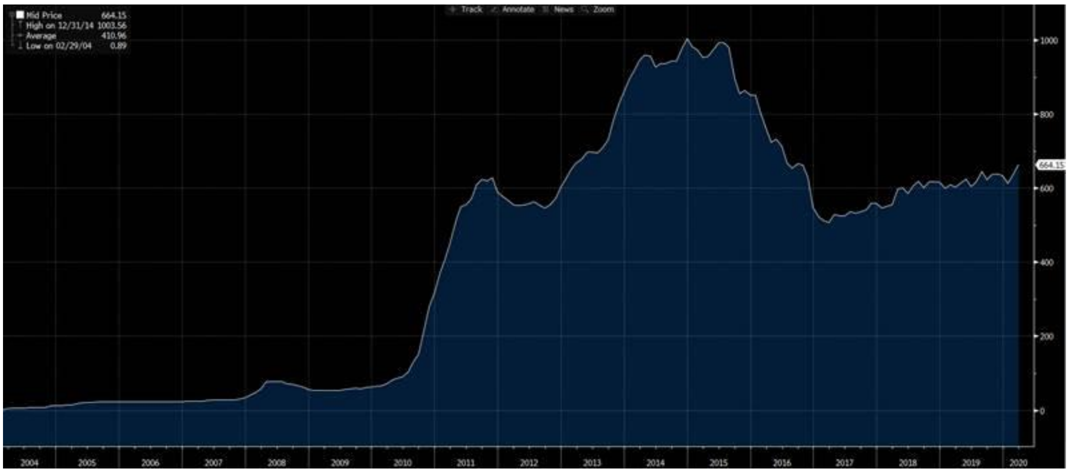
RMB is the lawful currency of the PRC mainland. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC mainland government. Since July 2005, the PRC mainland government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of RMB is no longer pegged to US dollars, resulting in a more flexible RMB exchange rate system.

Over the past two decades, the PRC mainland's economy grew rapidly at an average annual rate of 10.5% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. Chinese government did not set a GDP growth goal for 2020 due to the COVID-19 pandemic. However, it was estimated that Chinese GDP growth would be around 2% in 2020, which will still be a top contributor to global growth if compared with the estimated -3% recession of global economy. As the PRC mainland's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities

Acceleration in the pace of the RMB internationalisation

The PRC mainland has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed PRC mainland financial institutions to issue RMB bonds in Hong Kong. As of the end of March 2020, there are 137 banks in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB644.15 billion, as compared to just RMB63 billion in 2009.

Chart 1. RMB deposits in Hong Kong



Data source: Bloomberg as of 31 March 2020

The pace of RMB internationalisation has accelerated since 2009 when the PRC mainland authorities permitted cross-border trade between Hong Kong/Macau and Shanghai/4 Guangdong cities, and between ASEAN and Yunnan/Guangxi, to be settled in RMB. In December 2017, the arrangement was expanded to 20 provinces/municipalities on the PRC mainland and to all countries/ regions overseas. In March 2020, nearly RMB645.66 billion worth of cross-border trade was settled in Hong Kong with RMB.

Chart 2. Remittances for RMB cross-border trade settlement

Data source: Bloomberg as of 31 March 2020

Onshore versus offshore RMB market

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

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

Notwithstanding that the offshore RMB market showed a meaningful growth during the past two years, it is still at an early stage of the development and is relatively sensitive to negative factors or market uncertainties. For instance, the value of offshore RMB had once dropped by 2% against the US dollars in the last week of September 2011 amidst the heavy selloff of the equities market. In general, the offshore RMB market is more volatile than the onshore one due to its relatively thin liquidity.

There have been talks on the potential convergence of the two RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely expected that the onshore and offshore RMB markets would remain two segregated, but highly related, markets for the next few years.

Recent measures

More measures to relax the conduct of offshore RMB business were announced in 2010. On 19 July 2010, with respect to the lifting of restrictions on interbank transfer of RMB funds and, as well as granting permission for companies in Hong Kong to exchange foreign currencies for RMB without limit. One month later, the PRC mainland authorities announced the partial opening up of the PRC mainland's interbank bond market for foreign central banks, RMB clearing banks in Hong Kong and Macau and other foreign banks participating in the RMB offshore settlement programme.

The National Twelfth Five-Year Plan adopted in March 2011 explicitly supports the development of Hong Kong as an offshore RMB business centre. In August 2011, PRC mainland Vice-Premier Li Keqiang has announced more new initiatives during his visit, such as allowing investments on the PRC mainland equity market through the RQFII scheme and the launch of an ETF with Hong Kong stocks as the underlying constituents in the PRC mainland. Also the PRC mainland government has given approval for the first non-financial PRC mainland firm to issue RMB-denominated bonds in Hong Kong.

Chinese bonds and stocks were included in international indexes since 2018. RMB assets are becoming more attractive since then. In 2019, RMB's share of global foreign exchange reserves hit record high, surpassing Australian dollar and Canadian dollar.

RMB internationalisation is a long-term goal

Given the PRC mainland's economic size and growing influence, RMB has the potential to become an international currency in the same ranks as US dollars and euro. But the PRC mainland has to first accelerate the development of its financial markets and gradually make RMB fully convertible on the capital account. Although the internationalisation of RMB will bring benefits such as increasing political influence and reduced exchange rate risks, it also entails risks including rising volatility of RMB exchange rate.

The process of RMB internationalisation is a long and gradual one. It took US dollars many decades to replace the British pound to become a dominant reserve currency. It will also take time for RMB to gain importance in coming years. RMB will not be in a position to challenge the US dollar's main reserve currency status for some time to come.

The A-Share market

Introduction

China's A-Share market commenced in 1990 with two exchanges, Shanghai Stock Exchange and Shenzhen Stock Exchange. Shanghai Stock Exchange was established on 26 November 1990 and stocks are further divided into class A-Shares and class B-Shares, with A-Shares limited to domestic investors as well as QFIs only and B Shares available to both domestic and foreign investors. As of 30 April 2020, there are 1,552 A-Share listed companies in Shanghai Stock Exchange with total market capitalisation of RMB33.32 trillion. Shanghai Stock Exchange's products cover equities, mutual funds and bonds. The product lines include A-Shares, B-Shares, indices, mutual funds (including exchange traded funds and listed open-end funds), fixed income products, and diversified financial derivative products (including warrants and repurchases).

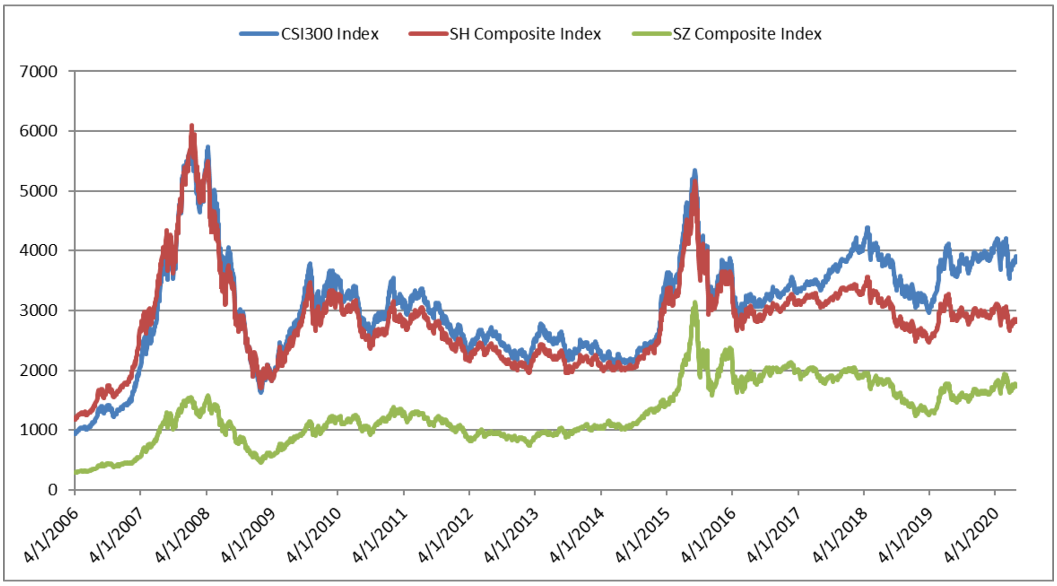
Shenzhen Stock Exchange was founded on 1 December 1990 and stocks are further divided into class A-Shares and class B-Shares, with A-Shares limited to domestic investors as well as QFIs only and B-Shares available to both domestic and foreign investors. As of 30 April 2020, there are

2,260 A-Share listed companies in Shenzhen Stock Exchange. Shenzhen Stock Exchange's products cover equities, mutual funds and bonds. The product lines include A-Shares, B-Shares, indices, mutual funds (including exchange traded funds and listed open-end funds), fixed income products, and diversified financial derivative products (including warrants and repurchases).

The A-Share market has grown significantly in the past 20 years, with the latest total market capitalisation reaching RMB57.96 trillion comprising 3,812 A-Share listed companies by 30 April 2020.

In terms of investor breakdown, there is an increasing number of institutional investors participating in the A-Shares market since the inception, which include securities investment funds, social pension funds, qualified foreign institutional investors, insurance companies, ordinary investment institutions. However, on a daily basis, retail investors still make up for the majority of the trading volume.

Chart 1. Shanghai and Shenzhen Composite Index Price / CSI 300 Index Price



Data source: Wind; As of 30 April 2020

Differences with Hong Kong's stock market

	PRC mainland	Hong Kong
Key indexes	SHCOMP / SZCOMP / CSI 300	HSI / HSCEI
Trading band limits	• 10% for ordinary stocks • 5% for ST/S stocks*	No Limit
Trading lots	100 shares for BUY / 1 share for SELL **	Each stock has its own individual board lot size (an online broker will usually display this along with the stock price when you get a quote); purchases in amounts which are not multiples of the board lot size are done in a separate "odd lot market".

	PRC mainland	Hong Kong
Trading hours	pre-open: 0915-0925 morning session: 0930-1130 afternoon session: 1300-1500 (1457-1500 is closing auction for the Shenzhen Stock Exchange)	pre-open order input: 0900-0915 pre-order matching 0915-0920 order matching: 0920-0928 morning session: 0930-1200 afternoon session: 1300-1600
Settlement	T+1	T+2
Earnings reporting requirements	Annual report: • Full annual report must be disclosed within 4 months after the reporting period. Interim report: • Full report must be disclosed within 2 months after the reporting period. Quarterly report: • Full report must be disclosed within 1 month after the reporting period. The first quarterly report cannot be disclosed before last year's annual report.	Annual report: • Earnings must be disclosed within 3 months after the reporting period; • Full annual report must be disclosed within 4 months after the reporting period. Interim report: • Earnings must be disclosed within 2 months after the reporting period; • Full report must be disclosed within 3 months after the reporting period.

Note:

** 1) ST stocks refer to special treatment stocks, which means special treatment for companies with financial problems (consecutive 2 fiscal years loss or audited net assets per share less than par value in most recent fiscal year), effective date starting from 22 April 1998. Stocks with ST usually means they have delisting risk.*

2) S stocks refer to those stocks has not yet performed the "split share structure reform".

*** Purchasing in odd lot is not allowed while selling in odd lot is allowed in the A-Share market, with no price difference between odd lot and round lot trading.*

The Index

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

General Information on the Index

The Index is a free float adjusted, category-weighted index which measures the performance of A-Shares traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. The Index consists of the 300 stocks with the largest market capitalisation and good liquidity from the entire universe of listed A-Shares companies in the PRC mainland. The Index is calculated and disseminated in RMB on a real-time basis and is maintained by China Securities Index Co., Ltd. The Index is quoted in RMB.

The Index is a price return index. A price return index calculates the performance of the Index constituents on the basis that any dividends or distributions are not reinvested.

The Index was launched on 8 April 2005 and had a base level of 1,000 on 31 December 2004.

As of 14 March 2023, the Index had a total free-float market capitalisation of RMB19.20 trillion and 300 constituents.

Index Calculation

The Index is calculated and disseminated in RMB on a real-time basis and is maintained by the Index Provider, a joint-venture established on 25 August 2005 between the Shanghai Stock Exchange and the Shenzhen Stock Exchange, which specialises in the management of securities indices and the provision of related services.

Index Provider

The Index is compiled and managed by China Securities Index Co., Ltd. ("CSI" or the "Index Provider").

The Manager (and each of its Connected Persons) is independent of the Index Provider.

Index Methodology

The Index is weighted by adjusted capital stock and calculated using the Paasche weighted composite price index formula. The adjusted capital stock is obtained using the classification and rounding off method, as shown in the following table:

Negotiable Market Cap Ratio (%)	≤15	(15，20]	(20，30]	(30，40]	(40，50]	(50，60]	(60，70)	(70，80)	>80
Inclusion Factor (%)	nearest higher percentage point	20	30	40	50	60	70	80	100

Examples: If the free-float proportion of a certain stock is 7%, which is less than 15%, the free-float proportion of the capital stock will be used as the weight. If the free-float proportion of a certain stock is 35%, which falls in the (30, 40] range, the weight will be 40% of the total capital stock.

Note: The term "free-float proportion" means the proportion of capital stock remaining after excluding the following non-negotiable shares from the total capital stock: (1) shares held on a long-term basis by the company's founders, family members and senior management; (2) state-owned shares; (3) shares held by strategic investors; (4) restricted employee shares.

Calculation formula

$$\text{current index} = \frac{\text{adjusted market cap of constituents during reporting period}}{\text{divisor}} \times 1000$$

Where: adjusted market cap = ∑ (market price x adjusted number of shares of the constituent's capital stock)

Index Maintenance

The Index is maintained using the "divisor adjustment methodology." In the event of a change in the list of constituents or in a constituent's equity structure, or a change in the adjusted market capitalization of a constituent stock due to non-trading factors, the old divisor is adjusted by means of the divisor adjustment methodology, so as to maintain the continuity of the Index. The adjustment formula is as follows:

$$\frac{\text{adjusted market cap before divisor adjustment}}{\text{old divisor}} = \frac{\text{adjusted market cap after divisor adjustment}}{\text{new divisor}}$$

Where: "adjusted market cap after divisor adjustment" = adjusted market cap before divisor adjustment + increase (decrease) in adjusted market capitalization. The new divisor (i.e. the adjusted divisor, also known as the new base period) is obtained from this formula and used to calculate the Index.

Circumstances under which maintenance of the Index is required include the following:

(a) Corporate events that may affect the price of constituents

(i) Ex-Dividend: For CSI300 Index (price return), no index shall be adjusted in the event of an ex-dividend (dividend payment), and its natural fall shall not be interfered. CSI300 total return index and CSI net total return index are adjusted based on the reference ex-dividend price before the ex-dividend date.

(ii) Ex-Right: If the bonus issue, rights issues, stock split and stock consolidation occurs, the Index shall be adjusted the day before the issuance. Calculation of Adjusted Market Cap is based on new shares and prices.

Adjusted Market Cap after Adjustment = Ex-right Price × Adjusted No. of Shares + Adjusted Market Cap before Adjustment (excluding stocks adjusted for bonus issue, rights issues, stock split and stock consolidation).

(b) Other corporate events that affect the Index constituents

(i) In the event that the aggregated change in the total shares of constituents due to other corporate actions (e.g. secondary offering, debt-to-equity swap and exercise of warrants) reaches or exceeds 5%, the Index is subject to temporary adjustment and shall be adjusted before the capital change in the Index constituents.

Adjusted Market Cap after Adjustment = Closing Price× Adjusted Sharers after Changes

(ii) If the accumulated change in the total shares of constituents is less than 5%, the Index is subject to regular adjustment and shall be adjusted before the effective date of regular adjustment.

(c) Constituents adjustment

Index shall be adjusted before the effective date of regular adjustment or temporary adjustment.

Index Advisory Committee

CSI has established an index advisory committee (the "Index Advisory Committee"), which is responsible for the evaluation, consulting and examination of CSI index methodologies.

Index Universe

The selection universe of the Index (the "Index Universe") includes all the A-Shares (each a "Stock") listed on the Shanghai Stock Exchange (the Main Board) or the Shenzhen Stock Exchange (the Main Board, the SME Board (Small and Medium Enterprise Board) and ChiNext (the board mainly for hi-tech companies)) satisfying the following conditions:

(a)

   (i) a Stock listed on the Main Board of the Shanghai Stock Exchange or the Main Board or the SME Board of the Shenzhen Stock Exchange (the "Non-ChiNext Stock") must have a listing history of more than three months unless the daily average total market value of the Stock since its initial listing is ranked within the top 30 of all Non-ChiNext Stocks; or

   (ii) a Stock listed on the ChiNext of the Shenzhen Stock Exchange must have a listing history of more than three years; and

(b) The Stock is not designated for special treatment or potential delisting by any of the CSRC, the Shanghai Stock Exchange or the Shenzhen Stock Exchange as a result of continuous financial losses.

Selection Criteria

Index constituents are selected as follows and the candidate constituents should have good performance without serious financial problems or laws and regulations breaking events and with no large price volatility that shows strong evidence of manipulated. CSI:

(a) Calculates the A-Share daily average trading value and A-Share daily average total market value during the most recent year for stocks in the Index Universe, or in case of a new issue, during the fourth trading day that it was a public company;

(b) Ranks the Stocks in the universe by A-Share daily average trading value of the most recent year in descending order and delete the bottom ranked 50% stocks;

(c) Ranks the remaining stocks by A-Share daily average market value of the most recent year in descending order, those who rank top 300 are selected as Index constituents.

Index Periodical Review

The constituents of the Index (each an "Index Constituent") are reviewed every 6 months by the Index Advisory Committee, which usually meets in the end of May and November every year. The Index Constituents are adjusted according to the periodical review and any changes to the composition of the Index are implemented on the next trading day after market close of the second Friday of June and December each year.

The number of constituents adjusted at each periodical review will not exceed 10% and CSI has adopted buffer zone rules in order to minimize the Index turnover. Existing Index Constituents ranked in the top 60% by average daily trading value in the Index Universe will be included in the next stage to be ranked by daily average trading value. New candidate stocks ranked top 240 will be given priority to add into the Index and old constituents ranked top 360 will be given priority to remain in the Index.

Index Adjustments

Necessary adjustments are made by CSI when some corporate events happen so as to maintain the representativeness and investability of the Index. Such events include without limitation the bankruptcy, restructuring, merger, acquisition and spin-off, of an Index Constituent issuer and the delisting, temporary suspension from trading and re-issuance, of an Index Constituent.

In general, CSI will publicise Index Constituent adjustments lists as soon as practicable after the adjustments are decided and before their implementation.

Index Constituents

You can obtain the most updated list of the constituents of the Index, their respective weightings, additional information and other important news of the Index from the website of China Securities Index Co., Ltd at http://www.csindex.com.cn (the contents of which has not been reviewed by the SFC).

Index Codes

Shanghai Stock Exchange Quote System Code: 000300
Shenzhen Stock Exchange Quote System Code: 399300
Bloomberg Code: SHSZ300
Reuters Code: CSI300

Comparison between the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance)

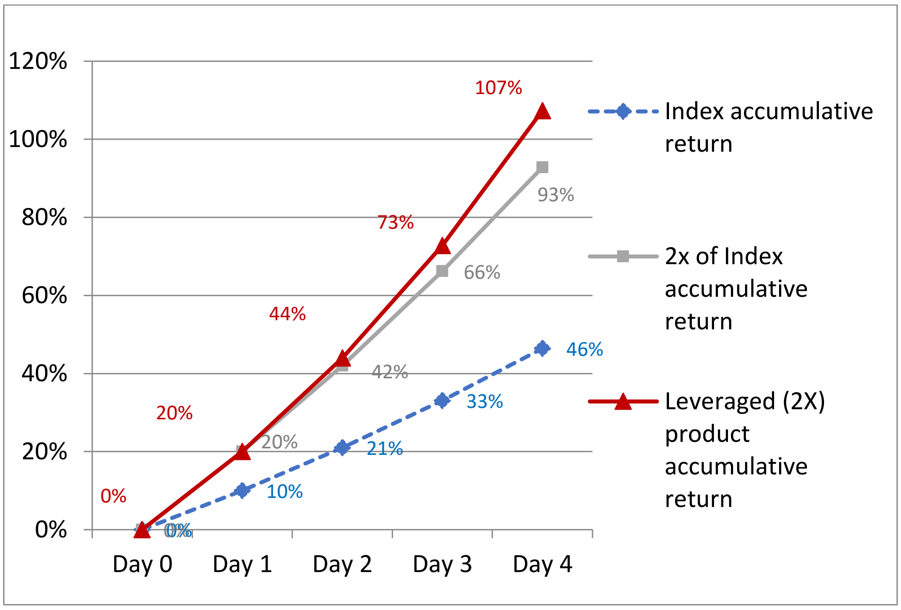
The Product's objective is to provide returns which are of a predetermined leverage factor (2x) of the Daily performance of the Index. As such, the Product's performance may not track twice the accumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by 200% generally will not equal 200% of the Product's performance over the same period. It is also expected that the Product will underperform the return of 200% of the Index in a trendless or flat market. This is caused by compounding, which is the accumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical RMB100 investment in the Product.

Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated return will be greater than twice the accumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 107%, compared with a 93% gain which is twice the accumulative Index return.

	Index Daily return	**Index level**	**Index accumulative return**	**Leveraged (2X) product Daily return**	**Leveraged (2X) product NAV**	**Leveraged (2X) product accumulative return**	**2x of Index accumulative return**	**Difference**
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	10%	121.00	21%	20%	144.00	44%	42%	2%
Day 3	10%	133.10	33%	20%	172.80	73%	66%	7%
Day 4	10%	146.41	46%	20%	207.36	107%	93%	15%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.

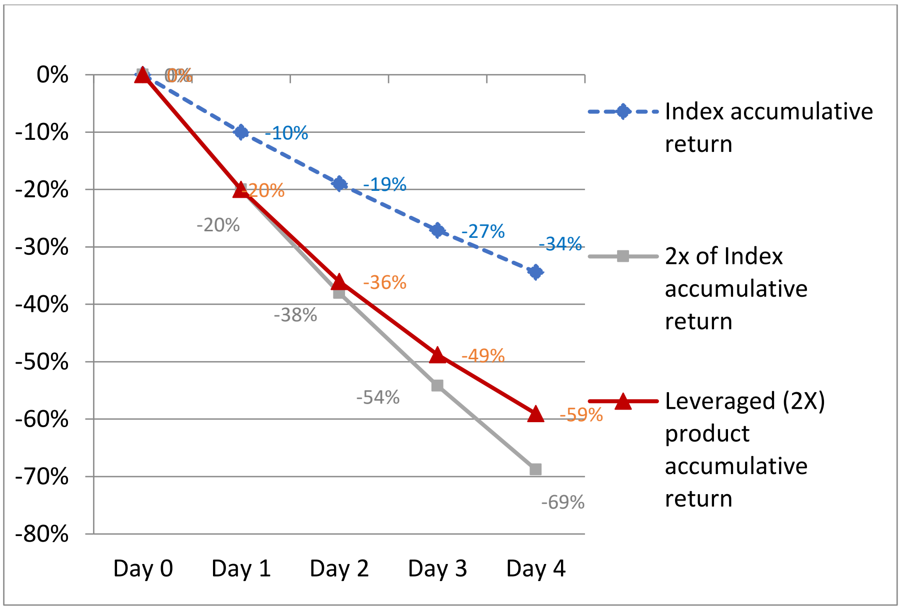


Scenario 2:   Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated loss will be less than twice the accumulative Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 59%, compared with a 69% loss which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	-10%	81.00	-19%	-20%	64.00	-36%	-38%	2%
Day 3	-10%	72.90	-27%	-20%	51.20	-49%	-54%	5%
Day 4	-10%	65.61	-34%	-20%	40.96	-59%	-69%	10%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

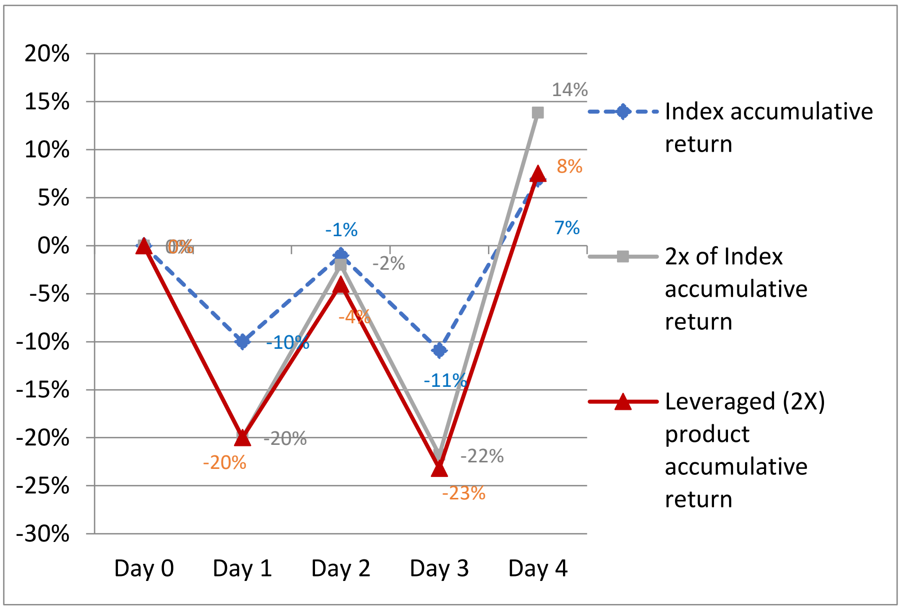


Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 8%, compared with a 14% gain which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-10%	89.10	-11%	-20%	76.80	-23%	-22%	-1%
Day 4	20%	106.92	7%	40%	107.52	8%	14%	-6%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.

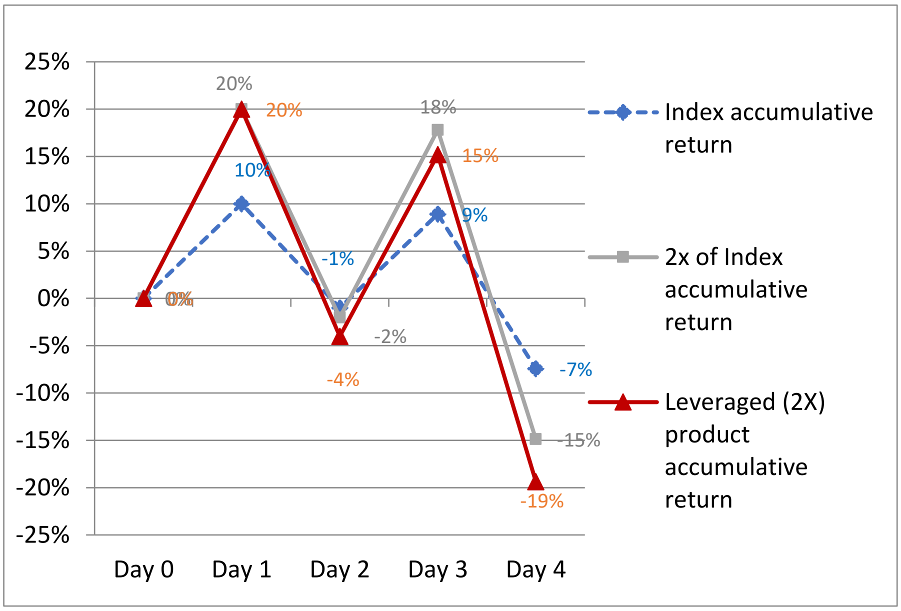


Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 19%, compared with a 15% loss which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	-10%	99.00	-1%	-20%	96.00	-4%	-2%	-2%
Day 3	10%	108.90	9%	20%	115.20	15%	18%	-3%
Day 4	-15%	92.57	-7%	-30%	80.64	-19%	-15%	-4%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.

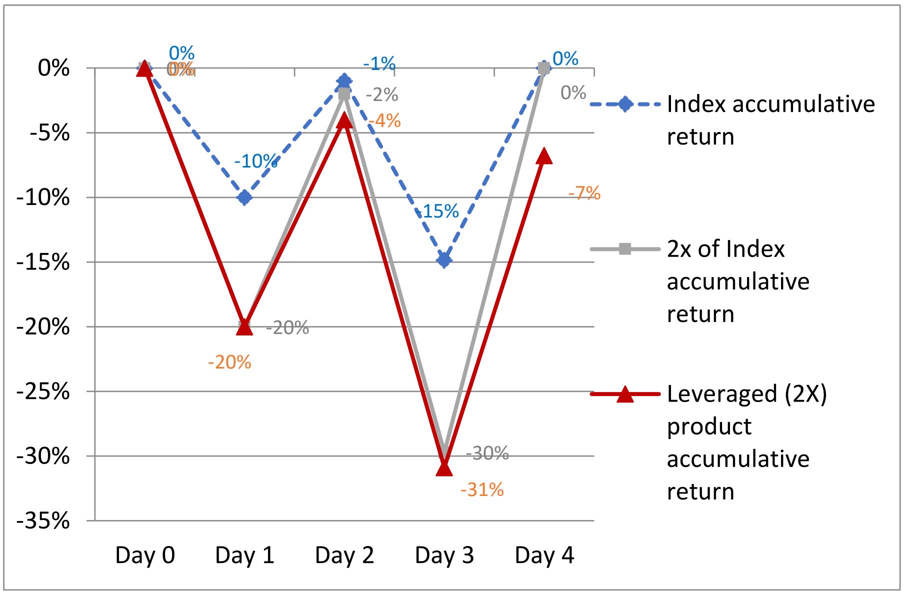


Scenario 5: Volatile market with flat Index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-14%	85.14	-15%	-28%	69.12	-31%	-30%	-1%
Day 4	17%	100.00	0%	35%	93.24	-7%	0%	-7%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat Index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables, the accumulative performance of the Product is not equal to twice the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the performance of the Index multiplied by two (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may not be twice the return of the Index and may be completely uncorrelated to the extent of change of the Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at http://csopasset.com/en/products/l-cs3 (this website has not been reviewed by the SFC), which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product tracks the leveraged performance of the Index, if observed on a Daily basis. However, due to path dependency of the Index and the Daily leveraged performance of the Index, when comparing the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical leveraged performance of the Index will not be equal to the simple leveraged performance of the Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Index and the leveraged performance of the Index. *Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.*

	Index		**Product (Index with a leverage factor of two)**	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	+20.00%	120.00
Day 3	-9.09%	<u>100.00</u>	-18.18%	<u>98.18</u>

Assuming the Product tracks twice the performance of the Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of the Product will be twice of the Index. That is, the Net Asset Value of the Product will rise by 20.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will fall by 18.18% if the Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Index and closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple performance of the Index multiplied by two.

Index Licence Agreement

The licence of the Index commenced on 2 June 2020 and should continue for 3 years (initial term). After the expiration of the initial term, the licence will be automatically renewed for successive terms of 2 years unless either party gives at least one month's notice of termination prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The CSI 300 Index ("Index") is compiled and calculated by China Securities Index Co., Ltd. ("CSI"). All copyright in the Index values and constituent list vest in CSI. CSI will apply all necessary means to ensure the accuracy of the Index. However, CSI does not guarantee its instantaneity, completeness or accuracy, nor shall it be liable (whether in negligence or otherwise) to any person for any error in the Index or under any obligation to advise any person of any error therein.

The Offering Phases

Initial Offer Period

The Initial Offer Period commences at 9:00 a.m. (Hong Kong time) on 23 July 2020 and ends at 4:00p.m. (Hong Kong time) on 23 July 2020, or such other date as the Manager may determine.

The Listing Date is expected to be on 27 July 2020 but may be postponed by the Manager to a date no later than 10 September 2020.

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

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

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus. Investors are therefore advised to consult with the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Units on their behalf.

After Listing

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

Dealings in the Units on the SEHK will commence on the Listing Date, which is expected to be on 27 July 2020 but may be postponed by the Manager to a date no later than 10 September 2020.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market in Application Unit size, from 9:30 a.m. (Hong Kong time) to 2:30 p.m. (Hong Kong time) on each Dealing Day.

Please refer to the section on "The Offering Phases" for details. The following table summarises all key events and the Manager's expected timetable (all references to times are to Hong Kong time):

Initial Offer Period commences • Participating Dealers may apply for creation for themselves or for their clients in Application Unit size	 • 9:00 a.m. (Hong Kong time) on 23 July 2020 but may be postponed by the Manager to no later than 9:30 a.m. (Hong Kong time) on 10 September 2020
The date that is two Business Days prior to the Listing Date • Latest time for Creation Applications by Participating Dealers for Units to be available for trading on the Listing Date	 • 4:00 p.m. (Hong Kong time) on 23 July 2020 but may be postponed by the Manager to no later than 4:00 p.m. (Hong Kong time) on 10 September 2020
After listing (period commences on the Listing Date)	

• All investors may start trading Units on the SEHK through any designated brokers; and • Participating Dealers may apply for creation and redemption (for themselves or for their clients) in Application Unit size	• Commence at 9:30 a.m. (Hong Kong time) on 27 July 2020, but may be postponed by the Manager to a date no later than 10 September 2020 • 9:30 a.m. (Hong Kong time) to 2:30 p.m. (Hong Kong time) on each Dealing Day

Exchange Listing and Trading (Secondary Market)

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units traded in HKD.

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

Dealings on the SEHK in Units traded in HKD are expected to begin on 27 July 2020.

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

Distribution Policy

The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the Product.

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

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://csopasset.com/en/products/l-cs3 (this website has not been reviewed by the SFC).

The distribution policy may be amended subject to the SFC'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 Product (i.e. RMB). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in RMB only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://csopasset.com/en/products/l-cs3 and on HKEX's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx. The aforesaid websites have not been reviewed by the SFC.

There can be no assurance that distributions will be paid.

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

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

Fees and Expenses

Management Fee

The Product pays a Management Fee as a single flat fee, currently at 1.60% per year of the Net Asset Value of the Product. Please refer to the section “Fees and Expenses” as to the fees and charges included in the Management Fee. The Management Fee is calculated as at each Dealing Day and payable monthly in RMB in arrears out of the Trust Fund.

The Management Fee may be increased up to 3% per year of the Net Asset Value of the Product, on one month’s notice to Unitholders (or such shorter period as approved by the SFC). In the event that such fee is to be increased beyond this rate (which is the maximum rate set out in the Trust Deed), such increase will be subject to the Unitholders’ and the SFC’s approval.

Swap fees

Details of the swap fees and indirect costs are set out in the section “Swap fees” in this Appendix.

Risk Factors Specific to the Product

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

Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss may be more than twice the fall in the Index). The effect of compounding becomes more pronounced on the Product’s performance as the Index experiences volatility. The deviation of the Product’s performance from the leveraged performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index’s volatility and the effects of compounding of each day’s return over time, it is even possible that the Product will lose money over time while the Index’s performance increases or is flat.

Leverage Risk

The Product will utilise leverage to achieve a Daily return equivalent to twice (2x) the return of the Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage.

Volatility Risk

Prices of the Product may be more volatile than conventional ETFs because of the use of leverage and the daily rebalancing activities.

Rebalancing Activities Risk

There is no assurance that the Product can rebalance their portfolio on a Daily basis to achieve their investment objectives. Market disruption, regulatory restrictions , counterparty capacity limits or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity Risk

The rebalancing activities of the Product typically take place at or around the close of trading of the underlying A-Share market to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk and the swap counterparty's capability to execute also subject to liquidity risk.

Intraday Investment Risk

The Product is normally rebalanced at the end of trading of the underlying A-Share market on a Business Day. As such, return for investors that invest for period less than a full Trading Day will generally be greater than or less than two times (2x) leveraged investment exposure to the Index, depending upon the movement of the Index from the end of one Trading Day until the time of purchase.

Leveraged Performance of Index Risk

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than leveraged performance of an index or benchmark. Should the price of the Index decrease, the use of a leverage factor of 2 in the Product will trigger an accelerated decrease in the value of the Product's Net Asset Value compared to the Index (which has a leverage factor of 1, i.e. no leverage). As such, Unitholders could, in certain circumstances including a bear market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with leverage and Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily leveraged results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency Risk

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to twice the performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking a leveraged position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily leveraged performance of the Index over a certain period may not be twice the point-to-point performance of the Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Index. Please refer to the section "Explanation on Path Dependency" above.

Investors must exercise caution when holding the Product for longer than one Business Day. The performance of the Product, when held overnight, will likely deviate from the leveraged performance of the Index.

New Product Risk

The Product is a leveraged product tracking the performance of a PRC mainland index. Although there have been exchange traded funds tracking the performance of PRC mainland indices in Hong Kong, the Product is one of the first new products tracking the leveraged performance of a PRC mainland index in Hong Kong. The novelty and untested nature of such a leveraged product and the fact that the Product is the first of its kind in Hong Kong makes the Product riskier than traditional exchange traded funds or products tracking the leveraged or inverse performance of equity indices.

Risks Associated with Investing in Swaps

Limited Availability of Swaps Risk

The Manager's ability to manage the Product in accordance with its stated investment objective will depend upon the willingness and ability of potential Swap Counterparties to engage in Swaps with the Product linked to the performance of the underlying Securities of the Index. A Swap Counterparty's ability to continue to enter into Swaps or other derivative transactions with the Product may be reduced or eliminated, which could have a material adverse effect on the Product. Furthermore, Swaps are of limited duration and there is no guarantee that Swaps entered into with a Swap Counterparty will continue indefinitely. Accordingly, the duration of a Swap depends on, among other factors, the ability of the Product to renew the expiration period of the relevant Swap at agreed upon terms. If the Product is unable to obtain sufficient exposure to the performance, the inverse performance of the Index because of the limited availability of Swaps linked to the performance, the inverse performance of the underlying Securities of the Index, the Product could, among other alternatives, as a defensive measure, suspend creations until the Manager determines that the requisite swap exposure is obtainable. During the period that creations are suspended, the Product could trade at a significant premium or discount to the Net Asset Value and could experience substantial redemptions. To the extent that such events result in a termination event under the Product's Swaps, the risks related to the limited availability of Swaps would be compounded and the Product may be adversely affected.

Counterparty Risk

Because a Swap is an obligation of the Swap Counterparty rather than a direct investment in the underlying index constituents, the Product may suffer losses potentially equal to, or greater than, the full value of the Swap if the Swap Counterparty fails to perform its obligations under the Swap as a result of bankruptcy or otherwise. Any loss would result in a reduction in the Net Asset Value of the Product and will likely impair the Product's ability to achieve its investment objective. The counterparty risk associated with the Product's investments is expected to be greater than that may be encountered by most other funds because the Product expects to use Swaps as the principal means to gain exposure to the Index. Despite the counterparty risk management measures in place, the management of the Product's net exposure to each Swap Counterparty to zero is subject to settlement risks arising from settlement failures and market risks (including price movements prior to the required cash payment by the Swap Counterparty to the Product) as out in the terms of the Swap transactions. The Product's net exposure to each Swap Counterparty may exceed zero if any such risks eventuate. The extent of the Product's potential loss arising in this regard is likely to be the amount of the Product's net counterparty exposure.

The Manager will manage the Product to ensure that the collateral held by the Product will represent at least 100% of the Product's gross total counterparty risk exposure and be maintained, marked-to-market on a daily basis, with a view to ensuring that there is no uncollateralised counterparty risk exposure at the end of a trading day. If the collateral held by the Product is not at least 100% of the Product's gross total counterparty risk exposure in respect of any trading day T, by the end of that trading day T, the Manager will generally require that each Swap Counterparty deliver additional collateral assets to make up for the difference in value, with the settlement of such delivery expected to occur on or before trading day T+2. Despite the counterparty risk management measures in place, the management of the Product's net exposure to each Swap Counterparty to zero is subject to settlement risks arising from settlement failures and market risks (including price movements prior to the required cash payment by the Swap Counterparty to the Product). Any delay in the cash payment by the Swap Counterparty to the Product prior to the end of the relevant trading day T+2 may cause the Product's exposure to a Swap Counterparty to be larger than zero from time to time.

This may result in significant losses for the Product in the event of the insolvency or default of that Swap Counterparty.

In some circumstances, a Swap Counterparty can terminate the swap agreements early which may adversely impact the Product's performance. Such early termination can also impair the Product's ability to achieve its investment objective and may subject the Product to substantial loss. Also, the Product may face an increase in the cost to enter into a similar swap agreement with additional Swap Counterparties.

The Product will bear the swap fees, which are subject to the discussion and consensus between the Manager and the Swap Counterparty based on the actual market circumstances on a case-by-case basis. The current swap fees are a best estimate only and may deviate from the actual market conditions. In extreme market conditions and exceptional circumstances, the brokerage commission and the Swap Counterparty's costs of financing the underlying hedge may increase significantly and in return increase the swap fees.

Liquidity Risk

Swaps may be subject to liquidity risk, which exists when a particular Swap is difficult to purchase or sell. If a Swap transaction is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price, which may result in significant losses to the Product. In addition, a Swap may be subject to the Product's limitation on investments in illiquid Securities. Swaps may be subject to pricing risk, which exists when a particular Swap becomes extraordinarily expensive (or inexpensive) relative to historical prices or the prices of corresponding cash market instruments. The swaps market is largely unregulated. It is possible that developments in the swaps market, including potential government regulation, could adversely affect the Product's ability to terminate existing Swaps or to realise amounts to be received under such agreements. There is also no active market in derivative instruments and therefore investment in derivative instruments can be illiquid. In order to meet requests, the relevant Product relies upon the issuer of the derivative instruments to quote a market to unwind any part of the derivative instruments that will reflect the market liquidity conditions and the size of the transaction.

Valuation Risk

The Product's assets, in particular Swaps entered into by the Product, involve derivative techniques that may be complex and specialised in nature. Valuations for such assets will only usually be available from a limited number of market professionals which frequently act as counterparties to the transactions to be valued. Such valuations are often subjective and there may be substantial differences between any available valuations. However the Manager will carry out an independent verification of this valuation on a daily basis as described under "Determination of Net Asset Value" section.

Legal Risk

The characterisation of a transaction or a party's legal capacity to enter into it could render the Swap unenforceable. The insolvency or bankruptcy of a counterparty may also affect the enforceability of contractual rights.

Short Selling by Swap Counterparty Risk

The Swap Counterparty to the Product may need to short sell the constituents of the Index or Securities relating to the Index for the purposes of hedging. Many regulators have banned "naked" short selling (a practice that has been prohibited in Hong Kong since short selling was first introduced) or completely suspended short selling for certain stocks. Any such bans with the effect of prohibiting the short selling of Securities, in particular Securities relating to the Index, may affect a Swap Counterparty's ability to hedge its position and may trigger an early termination of the OTC Swap Transaction. Such early termination could impair the Product's ability to achieve its investment objective and subject the Product to substantial loss.

Mandatory Measures imposed by Relevant Parties Risk

Regarding the Product's Swaps, relevant parties (such as Swap Counterparties, participating dealers and stock exchanges) may impose certain mandatory measures for risk management purpose under extreme market circumstances. These measures may include early termination of the Swaps, no further Swap contracts signed and having limited or no access to exposure. In response to such mandatory measures, the Manager may have to take corresponding actions in the best interest of the Product's Unitholders and in accordance with the Product's constitutive documents, including suspension of creation of the Product's units and/or secondary market trading, implementing alternative investment and/or hedging strategies and termination of the Product. These corresponding actions may have an adverse impact on the operation, secondary market trading, index-tracking ability and the Net Asset Value of the Product. 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.

Risks of investing in fixed income securities

Credit/counterparty Risk

Investment in fixed income securities is subject to the credit risk of the security or its issuers, who may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the securities or the issuers of the fixed income securities held by the Product, the Product's value will be adversely affected and investors may suffer a substantial loss as a result. The Manager may or may not be able to dispose of the securities that are being downgraded. There may also be difficulties or delays in enforcing rights against the issuers who will generally be incorporated overseas and therefore not subject to the laws of Hong Kong.

Interest Rate Risk

Investment in the Product is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

Sovereign Debt Risk

The Product's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Product to participate in restructuring such debts. The Product may suffer significant losses when there is a default of sovereign debt issuers.

Credit Ratings Risks

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

Risks of investing in other collective investment schemes/funds

The Product may invest in units in any unit trust or shares in any mutual fund corporation or any other collective investment scheme. The underlying collective investment schemes/funds in which the Product may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes/funds. There is also no guarantee that the underlying collective investment schemes/funds will always have sufficient liquidity to meet the Product's redemption requests as and when made.

Distributions Out Of or Effectively Out Of Capital Risk

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

Concentration Risk and PRC mainland Market Risk

The Product is non-diversified and invests into single or concentrated derivative positions. The Product is subject to potential risk exposure associated with concentration that results from its investment strategy. The Product is also subject to concentration risks as a result of tracking the leveraged performance of the Index. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments.

The Index constituents are companies listed on the on the Shanghai Stock Exchange or the Shenzhen Stock Exchange which is an emerging market. Investments of the Product may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

RMB Currency Associated Risks

RMB is Not Freely Convertible and Subject to Exchange Controls and Restrictions Risk

It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the PRC mainland government. Since 1994, the conversion of RMB into USD has been based on rates set by the People's Bank of China (the "PBOC"), which are set daily based on the previous day's PRC mainland interbank foreign exchange market rate. On 21 July 2005, the PRC mainland government introduced a managed floating exchange rate system to allow the value of RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In addition, a market maker system was introduced to the interbank spot foreign exchange market. In July 2008, the PRC mainland announced that its exchange rate regime was further transformed into a managed floating mechanism based on market supply and demand. Given the domestic and overseas economic developments, the PBOC decided to further improve the RMB exchange rate regime in June 2010 to enhance the flexibility of the RMB exchange rate. In April 2012, the PBOC decided to take a further step to increase the flexibility of the RMB exchange rate by expanding the daily trading band from +/-0.5% to +/-1%. Effective 11 August 2015 the RMB central parity is fixed against the USD by reference to the closing rate of the inter-bank foreign exchange market on the previous day (rather than the previous morning's official setting).

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

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

The Units of the Product are traded in HKD, but the NAV of the Product and the Index are calculated in RMB. Investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against HKD will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Product.

In addition, the Product may need to use currency other than the base currency as set out in the relevant ISDA Credit Support Annex for collateral and independent amount posting purpose. The Product may enter into currency contract to hedge the currency risk but the currency exposure is linked to marked-to-market value of the Swaps. This may bring additional cost and currency risk for the Product.

Non-RMB or Late Settlement Redemption or Distributions Risk

Where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units in the primary market cannot, in the opinion of the Manager in consultation with the Trustee, be carried out normally due to legal or regulatory circumstances beyond the control of the Trustee and the Manager, redemption proceeds may be delayed or, if necessary in exceptional circumstances, be paid in US dollars or Hong Kong dollars instead of in RMB (at an exchange rate determined by the Manager after consultation with the Trustee). As such, there is a risk that investors may not be able to receive settlement upon a redemption of Units in RMB (and may receive US dollars or Hong Kong dollars) or may receive settlement in RMB on a delayed basis.

Future Movements in RMB Exchange Rates Risk

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

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

Offshore RMB ("CNH") Market Risk

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

However, the current size of RMB-denominated financial assets outside the PRC mainland is limited. As at 31 March 2020, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB664.15 billion. In addition, participating authorised institutions are also required by the Hong Kong Monetary Authority to maintain a total amount of RMB (in the form of cash and its settlement account balance with the Renminbi Clearing Bank) of no less than 25% of their RMB deposits, which further limits the availability of RMB that participating authorised institutions can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions. Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC mainland laws and regulations on foreign exchange. There is no assurance that new PRC mainland regulations will not be promulgated or the relevant settlement agreement between Hong Kong banks and the PBOC will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC mainland may affect the liquidity and therefore the trading price of the Units on the SEHK. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all.

RMB Distributions Risk

Investors should note that where a Unitholder holds Units traded in HKD, the relevant Unitholder will only receive distributions in RMB and not HKD. In the event the relevant Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from RMB into HKD or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

PRC mainland Associated Risks

PRC mainland Economic, Political and Social Risks

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

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

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

Political changes, social instability and adverse diplomatic developments in the PRC mainland could result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the constituent companies of the Index, which could have an impact on the performance of the Index.

PRC mainland Laws and Regulations Risk

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

Restricted Market Risk

The Product may be exposed to Securities in respect of which the PRC mainland imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the Product as compared to the leveraged performance of the Index. This may increase the risk of tracking error and, at the worst, the Product may not be able to achieve its investment objective.

Accounting and Reporting Standards Risk

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

Changes in PRC mainland Taxation Risk

The PRC mainland Government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of PRC mainland companies and foreign investors in such companies. Please refer to the sub-section entitled “PRC mainland taxation” under the section headed “Taxation” in Part 1 of this Prospectus for further information.

A-Shares Associated Risks

A-Share Market Trading Difference Risk

Differences in trading hours between PRC mainland stock exchanges (i.e. Shanghai Stock Exchange and Shenzhen Stock Exchange) and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value because if a PRC mainland stock exchange is closed while the SEHK is open, the Index level may not be available. Shares listed on PRC mainland stock exchanges may be subject to trading bands which restrict increases and decreases in the trading price. Units listed on the SEHK are not. The prices quoted by the SEHK market maker would therefore be adjusted to take into account any accrued market risk that arises from such unavailability of the Index level and as a result, the level of premium or discount of the Unit price of the Product to its Net Asset Value may be higher.

A-Shares Market Suspension and Volatility Risk

The Index consists of A-Shares which may only be bought from, or sold to, a QFII or a RQFII from time to time where the relevant A-Shares may be sold or purchased on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. Given that the A-Shares market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the creation and realisation of Units may be disrupted. A Participating Dealer is unlikely to realise or create Units if it considers that A-Shares may not be available. High market volatility and potential settlement difficulties in the A-Shares market may also result in significant fluctuations in the prices of the securities traded on the A-Shares market and thereby may adversely affect the value of the relevant Product

PRC mainland Taxation Risk

In light of a recent announcement jointly promulgated by the Ministry of Finance, the State Taxation Administration and the CSRC under Caishui [2014] No.79 which stipulate that trading of China A-Shares through QFIs (without an establishment or place of business in the PRC mainland or having an establishment in the PRC mainland but the income so derived in PRC mainland is not effectively connected with such establishment) will be temporarily exempted from corporate income tax on gains derived from the transfer of PRC mainland equity investment assets (including PRC mainland A-Shares) effective from 17 November 2014, the Manager does not intend to make any WIT provision on the gross unrealised and realised capital gains derived from trading of China A-Shares which may in turn be charged to the relevant Products.

However, dividends will be subject to 10% withholding tax and the company distributing the dividend has the withholding obligation. If the recipient of the dividend is entitled to a lower treaty rate, it can apply to the in-charge tax bureau of the payor for a refund. The Product's exposure to investments in PRC mainland may be subject to the risks associated with changes in the PRC mainland tax laws and such changes may have retrospective effect and may adversely affect the Product.

Please refer to the sub-section entitled "PRC mainland taxation" under the section headed "Taxation" in Part 1 of this Prospectus for further information in this regard.

QFI Regime Associated Risks

The Product may invest in ETF listed in PRC mainland through the Manager's QFI status. The Swap Counterparties may hedge their Swap exposure by investing in A-Shares through QFI of itself or a third party/affiliate. Investments through QFI will also be subject to the following risks:

QFI Systems Risk

Based on the prevailing QFI Regulations, the Qualified Foreign Institutional Investors (QFII) regime and RMB Qualified Foreign Institutional Investors (RQFII) regime have been merged and been regulated by the same set of regulations, and the previously separate requirements for QFII and RQFII qualifications are unified. The regulations which regulate investments by QFIs in the PRC mainland and the repatriation of capital from QFI investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC mainland authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. It is not possible to predict the future development of the QFI system and the CSRC may even impose restrictions on QFI's operations. Such restrictions may adversely affect the ability of a Swap Counterparty to increase the size of a Swap which may in turn affect the Product's ability to achieve its investment objective.

Repatriation Risk

Repatriation of capital is subject to SAFE's approval and there are restrictions imposed on the repatriation amount and interval. While restrictions on or suspension of the ability of QFIs in general to repatriate funds should not affect the operation of the Product. However, where a Swap Counterparty is also a QFI or where the Swap Counterparty hedges the Swaps with an affiliate which is a QFI, the inability to repatriate funds may give rise to liquidity problems for that Swap Counterparty, which may impact the Product if that Swap Counterparty is unable to perform its obligations under the relevant Swap transaction.

Appendix dated 24 July 2024

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