



Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng China A-Share Focus Fund (the “Fund”).***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum for Hang Seng Mainland Investment Series (the “Explanatory Memorandum”) and the Term Sheet of the Fund.***
- ***You should not invest in the Fund based on this statement alone.***

Quick Facts

Manager:	Hang Seng Investment Management Limited	
Trustee & Registrar:	HSBC Institutional Trust Services (Asia) Limited	
Base Currency:	USD	
Dealing Frequency:	Daily*	
Dividend Policy:	No distribution, any income received by the Fund will be accumulated and reflected in the Unit price.	
Minimum Subscription Amount (lump sum):	As determined by the Authorised Distributor(s) of the Fund	
Ongoing charges over a year**	Class A2 Units	1.71%
Financial year end of the Fund:	31 December	

* Generally, Dealing Day is any day which is both (i) a day (except Saturday) on which banks in Hong Kong are open for normal banking business, and (ii) a full trading day on both the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Please refer to the Explanatory Memorandum for the full definition of “Dealing Day”.

** The ongoing charges figure is based on ongoing expenses for the year ended 31 December 2021 expressed as a percentage of the Fund’s average Net Asset Value for the same period. It includes the fees of the Manager and the Trustee. Please refer to the “CHARGES AND EXPENSES” section in the Explanatory Memorandum and the Term Sheet of the Fund respectively for details. This figure may vary from year to year. The ongoing charges figure (if any) for Class A1 Units is available from the Manager on request.

What is the Fund?

- ❖ The Fund is a fund in the Hang Seng Mainland Investment Series, which is a unit trust established as an umbrella fund and is currently domiciled in Hong Kong Special Administrative Region (“Hong Kong”).

Objective and Investment Strategy

Objective

The investment objective of the Fund is to achieve long term capital appreciation by primarily investing in securities of companies listed on stock exchanges in mainland China or securities of companies having substantial business or operations in mainland China and listed elsewhere.

Investment Strategy

The Fund invests at least 70% of its Net Asset Value in mainland China-listed A-shares (“China A-Shares”) via a Qualified Foreign Institutional Investor (“QFII”) and/or via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively, “Stock Connects”) and may invest in other permissible

investments prescribed by the relevant PRC rules and regulations governing a QFII. The Fund may invest in equities of companies that are listed on the ChiNext Board and/or the Science and Technology Innovation Board ("STAR Board"). Hang Seng Bank Limited is the QFII currently selected and its QFII custodian is China Construction Bank Corporation.

The Fund does not intend to have an investment focus in terms of its choice of companies by size, industries or sectors.

The Fund may also invest less than 30% of its Net Asset Value in physical exchange traded funds which are listed on the Stock Exchange of Hong Kong Limited ("SEHK"), shares of companies which engage in mainland China-related businesses (mainly H-shares and red chips shares) which are listed on the SEHK and other overseas exchanges as well as liquid assets, such as government and treasury securities, bills of exchange, commercial paper, certificates of deposit, short-term bonds and inter-bank deposits. When there is a lack of sufficient investment opportunities, the Manager may invest the Fund's portfolio into the aforementioned liquid assets.

Currently, the Fund may not invest in:

- (i) asset backed securities (including asset backed commercial papers or similar structured products);
- (ii) urban investment bonds (城投債) (i.e. debt instruments issued by local government financing vehicles and traded in the listed bond market and interbank bond market in the PRC);
- (iii) debt securities that have a credit rating below Investment Grade, which is defined in respect of mainland Chinese securities as a credit rating of BB+ or below as rated by any PRC domestic credit rating agencies (currently, such PRC credit rating agencies include Shanghai Brilliance Credit Rating & Investors Service Company Limited, China Lianhe Credit Rating Company Limited, China Chengxin International Credit Rating Company Limited and Dagong Global Credit Rating Company Limited);
- (iv) debt securities that have a credit rating below Investment Grade ("Investment Grade" is defined as a credit rating of Baa3 or higher as rated by Moody's, BBB- or higher as rated by Standard & Poor's, BBB- or higher as rated by Fitch or an equivalent rating as rated by other recognized rating agencies); and/or
- (v) debt securities that are unrated securities (In determining whether a debt security is "unrated", the Manager will consider the credit rating of the debt security itself; if the debt security is not rated, then the Manager will consider the credit rating of the issuer. If neither the debt security itself nor its issuer is rated, the debt security will be classified as "unrated". For the avoidance of doubt, for debt securities which are rated and/or the issuer of which are rated by multiple internationally recognized credit rating agencies, if the credit ratings of the debt securities amongst credit rating agencies differ, the highest available rating assigned by an internationally recognized credit rating agency will be used for the purpose of determining the credit rating).

In the future, where the Manager intends to engage in any such transactions, the Manager will obtain the SFC's prior approval and provide not less than one month's prior notice to relevant Unitholders.

Use of derivatives / investment in derivatives

The Fund will not use financial derivative instruments for any purposes.

What are the key risks?

Investment involves risks. Please refer to the "Risk Factors" section in the Explanatory Memorandum and the Term Sheet of the Fund respectively for details.

Investment Risk

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

Currency and exchange rate control Risk

- ❖ Where the underlying investments of the Fund are denominated in currencies other than the base currency of the Fund, the Net Asset Value of the Fund may be affected unfavourably by fluctuations in

the exchange rates between these currencies and the Fund's base currency and by changes in exchange rate controls.

Concentration Risk

- ❖ The Fund's investments are concentrated in China A-Shares. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- ❖ The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting an emerging market such as mainland China.

Risks for Funds investing in Equities

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

General Risks of Investments associated with an Emerging Market

- ❖ Investing in an emerging market (such as mainland China) 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.
- ❖ Securities exchange(s) in emerging market(s) (such as mainland China) typically have the right to suspend or limit trading in any security traded on the relevant exchange(s). The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.

Risk associated with High Volatility of the Equity Market in Emerging Market

- ❖ High market volatility and potential settlement difficulties in the markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Fund.

Risk associated with Investment made through a QFII

- ❖ The Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including requirements and restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.
- ❖ The Fund may suffer substantial losses if there is insufficient QFII quota allocated for the Fund to make investments, the approval of the QFII is being revoked/terminated or otherwise invalidated as the Fund may be prohibited from trading of relevant securities and repatriation of the Fund's monies, or if any of the key operators or parties (including QFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).
- ❖ Situations may arise where there are conflicts of interest among the Manager, the Trustee and the selected QFII which are all members of the same financial group. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders of the Fund are treated fairly.

Risks associated with the Stock Connect

- ❖ The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connects are subject to quota limitations. Where a suspension in the trading through the programme is effected, the Fund's ability to invest in China A-Shares or access the mainland China market through the programme will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.

Risks associated with ChiNext Board and/or STAR Board

- ❖ The Fund may invest in stocks listed on ChiNext Board and/or STAR Board. Such investments are subject to the following risks and may result in significant losses for the Fund and its investors.
- ❖ Higher fluctuation on stock prices and liquidity risk: Listed companies on ChiNext Board and/or STAR Board are usually of emerging nature with smaller operating scale. Listed companies on ChiNext Board and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors, stocks listed on ChiNext Board and STAR Board may have limited liquidity, compared to other boards. Hence, they are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board.
- ❖ Over-valuation risk: Stocks listed on ChiNext Board and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock prices may be more susceptible to manipulation due to fewer circulating shares.
- ❖ Differences in regulation: The rules and regulations regarding companies listed on the ChiNext Board and STAR Board are less stringent in terms of profitability and share capital than those in the main boards.
- ❖ Delisting risk: It may be more common and faster for companies listed on ChiNext Board and/or STAR Board to delist. ChiNext Board and STAR Board have stricter criteria for delisting compared to the main boards. This may have an adverse impact on the Fund if the companies that they invest in are delisted.
- ❖ Concentration risk: STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Fund to higher concentration risk.

RMB Currency and Conversion Risks

- ❖ RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

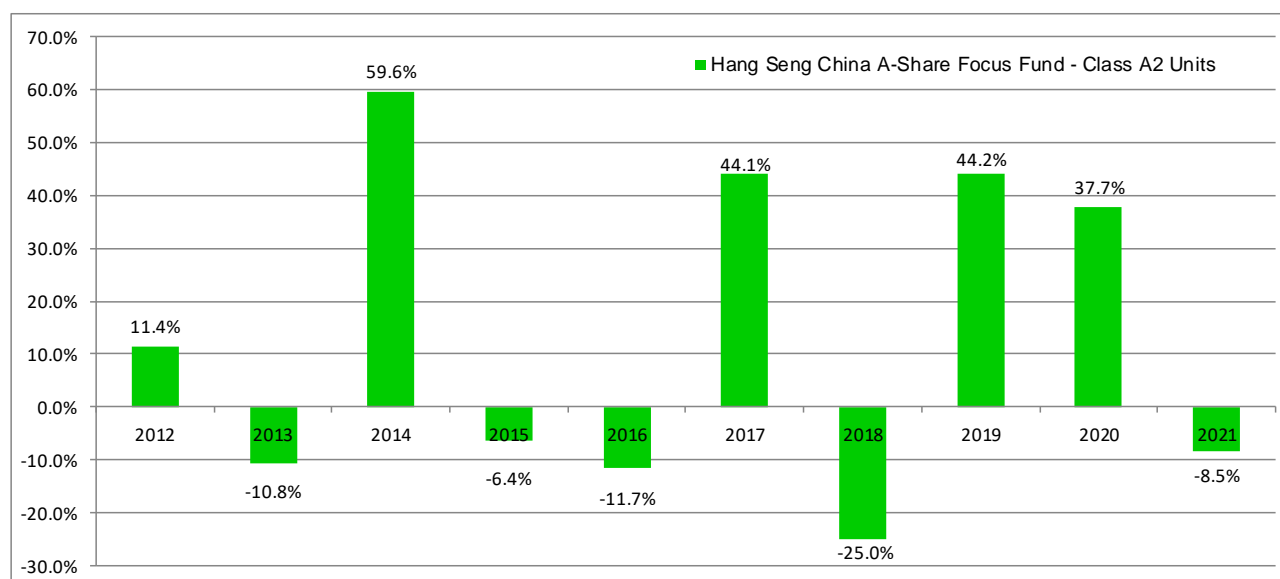
Risks for Funds investing in Companies with Medium or Small Capitalisation

- ❖ The stock of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

PRC Tax Risk

- ❖ The Fund may be subject to PRC Corporate Income Tax and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC Securities. The Manager reserves the right to make relevant provision on such incomes (if any) if so warranted.
- ❖ Having considered the professional and independent tax advice, the Manager currently does not make withholding income tax provision for gross realised or unrealised capital gains derived from trading of A-Shares via QFII or Stock Connect.
- ❖ There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of investments in the PRC via QFII quota or the Stock Connect (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value. If taxes are levied in future on the Fund for which no provision is made, the Fund's Net Asset Value will be adversely affected. In this case, the then existing and subsequent investors will be disadvantaged.

How has the Fund performed?



- ❖ Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- ❖ The computation basis of the performance is based on the calendar year end, Unit Price-To-Unit Price, with dividend (if any) reinvested.
- ❖ These figures show by how much the Class of Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and switching fee you might have to pay.
- ❖ Fund launch date: 2006
- ❖ Class A2 Units launch date: 2010
- ❖ The Manager views Class A2 Units, being the only retail Class of Units currently marketed to the public of Hong Kong as the most appropriate representative Class of Units.
- ❖ Investors may obtain the past performance information of other Class(es) of Units (if any) from the website www.hangsenginvestment.com[▲] when it has an investment track record of not less than 6 months.
- ❖ Past performance information (if any) for Class A1 Unit of the Fund is available from the Manager on request.

Is there any guarantee?

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

What are the fees and charges?

Charges which may be payable by you

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

Fee	What you pay [#]	
Subscription Fee	Class A2 Units	Up to 4.0% of the issue price of the Fund
Switching Fee	Class A2 Units	Up to 2.0% of the issue price of the Fund
Redemption Fee	Class A1 Units ^{##}	Nil
	Class A2 Units	

- # Please contact the Authorised Distributor(s) of the Fund for details.
- ## (1) With effect from 22 January 2010, Class A1 Units are no longer available for subscription.
 (2) Unless otherwise agreed by the Manager, switching from or into Class A1 Units is currently not allowed.

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Net Asset Value of the Fund)	
Management Fee^	Class A1 Units	Up to 1.5%
	Class A2 Units	Up to 1.5%
Trustee Fee^	Class A1 Units	0.1%
	Class A2 Units	
QFII Account Custody Fee	0.25% of the Fund's assets in the account held with the selected QFII as at month-end (excluding transaction fees).	

[^] Please note that the annual rate stated may be increased up to a permitted maximum rate as set out in the Explanatory Memorandum by giving 1 month's prior notice to relevant Unitholders.

Other fees

You may have to pay other fees and charges when dealing in the Units of the Fund. Please refer to the "CHARGES AND EXPENSES" section in the Explanatory Memorandum for details.

Additional Information

- ❖ The current designation of Class A Units which are available for issue is "Class A2" Units. The Manager may, at its full discretion and in accordance with the relevant provisions of the Trust Deed, issue further series of Class A Units. The Manager may, by giving 1 month's prior notice to relevant Unitholders, close any existing series of Class A Units for new subscription although redemption and/or switching (as the case may be) will be allowed to continue according to the then current redemption and/or switching (as the case may be) procedures.
- ❖ You generally buy and redeem Units at the Fund's next-determined Net Asset Value.
- ❖ To be dealt with on a Dealing Day, your request has to be received by the Authorised Distributor(s) of the Fund in good order on or before the dealing cutoff time as set by them (which may be different from that as set by the Manager). Please contact the Authorised Distributor(s) of the Fund for details.
- ❖ The Net Asset Value of the Fund on each Dealing Day is normally calculated on the Business Day after that Dealing Day, and is available online at www.hangsenginvestment.com[▲].
- ❖ Investors may obtain other information of the Fund from the website www.hangsenginvestment.com[▲].

Important

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

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

[▲] This website has not been reviewed by the SFC.