



Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng China Enterprises Index 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 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:	HKD	
Underlying Index:	Hang Seng China Enterprises Index	
Dealing Frequency:	Class A: 2 Dealing Sessions on each Dealing Day* Class A AUD (Hedged), Class A RMB (Hedged), Class A1 and Class D: 1 Dealing Session on each Dealing Day (Afternoon Dealing Session)	
Dividend Policy:	Class A - Income Units**	The Manager currently intends to make declaration of distribution on an annual basis (i.e. September in each year). The distribution will be made in the form of cash payment. The Manager may at its discretion pay dividend out of the capital of the Fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit.
	Class A, Class A AUD (Hedged), Class A RMB (Hedged), Class A1 and Class D- Accumulation Units	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 A - Accumulation Units	0.89%
	Class A AUD (Hedged) - Accumulation Units	0.89%
	Class A RMB (Hedged) - Accumulation Units	0.89%
	Class A1 – Accumulation Units	0.89%
	Class D – Accumulation Units	0.89%
Tracking difference of 2021****	Class A - Income Units**	-0.45%
	Class A - Accumulation Units	-0.42%
	Class A AUD (Hedged) - Accumulation Units	-1.29%
	Class A RMB (Hedged) - Accumulation Units	1.37%
	Class A1 – Accumulation Units	-0.41%
	Class D – Accumulation Units	-0.41%
Financial year end of the Fund:	31 December	

* Please refer to “Additional Information” for details.

** The Income Units are no longer marketed to the public of Hong Kong starting from 19 January 2015.

*** The ongoing charges figures are 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. They include the fees of the Manager and the Trustee

and the ongoing charges of underlying fund in which the Fund invests. 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 figures (if any) for Class I Units and Class A - Income Units are available from the Manager on request.

**** This is the actual tracking difference of the calendar year 2021. Tracking difference of the Class I Units for 2021 is not available as there was no such Unit in issue as at 31 December 2021.

What is the Fund?

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

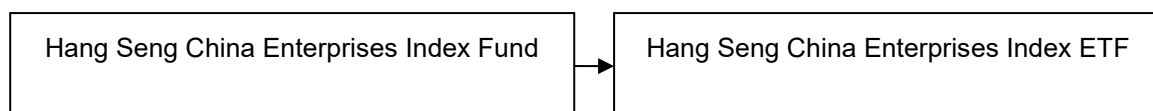
Objective and Investment Strategy

Objective

The investment objective of the Fund is to match as closely as practicable, before the fees and expenses, the total return performance (net of withholding tax) of the Hang Seng China Enterprises Index (the “Index”).

Investment Strategy

The Fund is a feeder fund and an index fund that seeks to achieve its investment objective by investing solely in another index-tracking fund authorised by the SFC with a substantially similar investment objective as that of the Fund and managed by the Manager (the “Underlying Fund”). Currently, the Manager has selected the Hang Seng China Enterprises Index ETF as the Underlying Fund (SFC authorisation is not a recommendation or endorsement of the Underlying Fund nor does it guarantee the commercial merits of the Underlying Fund or its performance. It does not mean the Underlying Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.), the net derivative exposure of which is up to 50% of its net asset value.



The Underlying Fund

The Underlying Fund is an exchange-traded fund and Units of the Underlying Fund are listed on the Stock Exchange of Hong Kong Limited (the “SEHK”). Similar to the investment objective of the Fund, the Underlying Fund aims to match, before expenses, as closely as practicable the performance of the Index. The manager of the Underlying Fund primarily adopts a replication strategy and the Underlying Fund invests in substantially all the constituent stocks of the Index in substantially the same weightings (i.e. proportions) as these stocks have in the Index.

The Hong Kong Offering Document of the Underlying Fund is available at www.hangsenginvestment.com[▲].

Index

The Index, launched on 8 August 1994, serves as a benchmark to reflect the overall performance of Mainland securities listed in Hong Kong. The Index is denominated in HKD and is calculated with a base value of 2000 as of 3 January 2000. It is calculated and disseminated real-time at 2-second intervals during trading hours of the SEHK.

Both the Manager and the Index provider (Hang Seng Indexes Company Limited (“HSIL”)) are presently subsidiaries of Hang Seng Bank Limited. The functions which the Index provider and the Manager will perform in connection with the Fund may give rise to potential conflicts of interest but the Manager will manage any such conflicts in the best interest of investors. Please refer to the Term Sheet of the Fund for further details.

The universe of securities of the Index includes securities listed on the Main Board of the SEHK. Stapled securities, foreign companies, biotech companies with stock names ended with marker “B”, and investment companies listed under Chapter 21 of the Main Board Listing Rules of Hong Kong Exchanges and Clearing Limited are excluded.

To be eligible for selection, a security in the universe must fulfil the eligibility criteria of the Index which include the listing history requirement, turnover requirement and geographical requirement. The top 50 eligible securities with

the highest combined market value rank will be selected as constituents of the Index. For details of the combined market value rank, please refer to the Index Methodology General Guide published by HSIL.

A newly listed security will be added to the Index if its full market capitalisation ranks within the top 10 of the existing constituents on its first trading day. The ad-hoc addition will normally be implemented after the close of the 10th trading day of the new issue. The number of constituents will be reset in the next regular review.

The number of constituents is fixed at 50. The constituents of the Index are reviewed quarterly.

The Fund aims to match as closely as practicable, before fees and expenses, the performance of the total return (net of withholding tax) version of the Index.

The Index adopts a freefloat-adjusted market capitalisation weighted methodology with a 8% cap on individual securities.

As at 13 April 2022, the Index comprised 50 constituents listed on SEHK with total market capitalisation of HKD 7,315.9 billion.

The constituents of the Index together with their respective weightings may be accessed via the Index provider's website at www.hsi.com.hk[▲].

For details, please refer to the website of the Index provider, the HSIL at <http://www.hsi.com.hk/>[▲].

Use of derivatives / investment in derivatives

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

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

- ❖ A Class of Units may be designated in a currency 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.

Risks for Funds investing in Equities

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

Risks relating to the Fund Structure/Underlying Fund

As the Fund is a feeder fund which invests solely in the Underlying Fund, the Fund is exposed to the following risks (which include certain risks to which the Underlying Fund is subject):-

Tracking Error Risk

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

Risks associated with Passive Investments

- ❖ The Underlying Fund is passively managed and the manager of the Underlying Fund does not have the discretion to adapt to market changes due to the inherent investment nature of the Underlying Fund. Falls in the Index are expected to result in corresponding falls in the value of the Underlying Fund, and a fall in the value of the Fund.

General risks of investing in the Underlying Fund

- ❖ The Fund is a feeder fund investing solely in the Underlying Fund. In addition to the expenses and charges charged by the Fund, investors should note that there may be additional fees involved when investing into the Underlying Fund, such as fees and expenses charged by the service providers of the Underlying Fund. Furthermore, there can be no assurance that the Underlying Fund's investment objectives and strategies will be successfully achieved or that the liquidity of the Underlying Fund will always be sufficient to meet realisation requests. In addition, there could be trading suspension of the Underlying Fund in the secondary market. These factors may have an adverse impact on the Fund and its investors. As the Fund invests in the Underlying Fund which is also managed by the Manager, potential conflict of interest may arise.

Concentration Risk in respect of Index Funds

- ❖ The Underlying Fund's investments are concentrated in mainland securities listed in Hong Kong including H-Shares, Red-chips and P-chips. The value of the Underlying Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- ❖ The value of the Underlying Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting such market.

Risk associated with investments in companies with weighted voting rights

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

Risks relating to trading in secondary market

- ❖ When the Fund invests in the Underlying Fund through secondary market, the trading price of the units of the Underlying Fund on SEHK is driven by market factors such as the demand and supply of the units. Therefore, the units of the Underlying Fund may trade at large premium or discount to the Underlying Fund's net asset value and in the case where the Underlying Fund imposes a suspension on the primary trading through special creation/redemption, such premium or discount may be more substantial.
- ❖ As investors (including the Fund) will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell units of the Underlying Fund on the SEHK, investors (including the Fund) may pay more than the net asset value per unit of the Underlying Fund when buying units of the Underlying Fund on the SEHK, and may receive less than the net asset value per unit of the Underlying Fund when selling units of the Underlying Fund on the SEHK.

General Risks of investments associated with an Emerging Market

- ❖ Investing 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 political and economic uncertainties, legal and taxation risks and the likelihood of a high degree of volatility.

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. Under exceptional circumstances, payment of redemptions in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Currency Hedging Risk

- ❖ The Fund may attempt to hedge the currency of denomination of a class of Units against the base currency of the Fund or the currency of the underlying assets. The costs of hedging transactions will be reflected in the Net Asset Value of such class of Units and therefore, Unitholders of a hedged class will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.
- ❖ If the counterparties of the instruments used for hedging purpose default, Unitholders of the hedged class may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.

- ❖ There is no assurance that hedging will be effective and Unitholders may still be subject to the currency exchange risk. Any profits or losses from currency hedging shall accrue to the value of the relevant currency hedged classes.
- ❖ When the Manager seeks to hedge against currency fluctuations, while it is not the intention, this could result in over-hedged or under-hedged positions. Furthermore, risks associated with leverage may arise from the derivative positions of the hedging transactions as a result of over-hedging the currency exposure. Unitholders of a hedged class may have exposure to currencies other than the denominated currency of that hedged class. It should also be noted that hedging transactions may be entered into whether the denominated currency of the hedged classes is declining or increasing in value relative to the Fund's base currency and/or the currency of the underlying asset, where such hedging is undertaken it may substantially protect Unitholders in the hedged class against a decrease in the value of the Fund's base currency and/or the currency of the underlying asset relative to the class currency of the hedged class, but it may also preclude Unitholders from benefiting from an increase in the value of the Fund's base currency and/or the currency of the underlying asset.
- ❖ Unitholders whose base currency is different from the currency of the hedged class may be exposed to additional currency risk.

Risk associated with Dealing Session(s)

- ❖ For Class A Units and Class I Units, in order to track the performance of the Index for each trading session of the SEHK on each Dealing Day, the Fund may need to make investments more frequently on any Dealing Day than the case for a fund which only tracks the performance of the Index on each Dealing Day. The Fund may have to bear relatively higher transaction costs for investments and the performance of the Fund may be adversely affected.
- ❖ On any Dealing Day, the Net Asset Value of the relevant class of Units for the Morning Dealing Session may be higher or lower than that for the Afternoon Dealing Session. Investors who subscribe for or redeem Units before the Morning Cut-off Time may need to pay/receive a higher or lower price than they need to pay for/receive from the same number of Units subscribed for or redeemed before the Afternoon Cut-off Time.
- ❖ Investors should note that for Class A AUD (Hedged) Units, Class A RMB (Hedged) Units, Class A1 Units and Class D Units, there is only one Dealing Session on each Dealing Day (ie Afternoon Dealing Session). These Units may not be able to track the performance of the Index for the morning trading session of SEHK.

Reliance on the Same Group Risk

- ❖ Each of the Trustee (also acting as the Registrar of the Fund), the Manager of the Fund (also acting as the manager and the listing agent of the Underlying Fund), the Index provider and the trustee (also acting as the registrar) of the Underlying Fund are subsidiaries of HSBC Holdings plc (the "Group"). Whilst these are separate legal entities and operationally independent, in the event of a financial catastrophe or the insolvency of any member of the Group, there may be adverse implications for the Group as a whole or other members of the Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation disrupted.
- ❖ In addition, although all transactions will be at arm's length, conflicts of interest in respect of the Fund may arise from time to time amongst the Trustee, the Manager the Index provider and the trustee of the Underlying Fund which are all members of the Group. The Manager will vigorously manage any such conflicts in the best interest of investors.

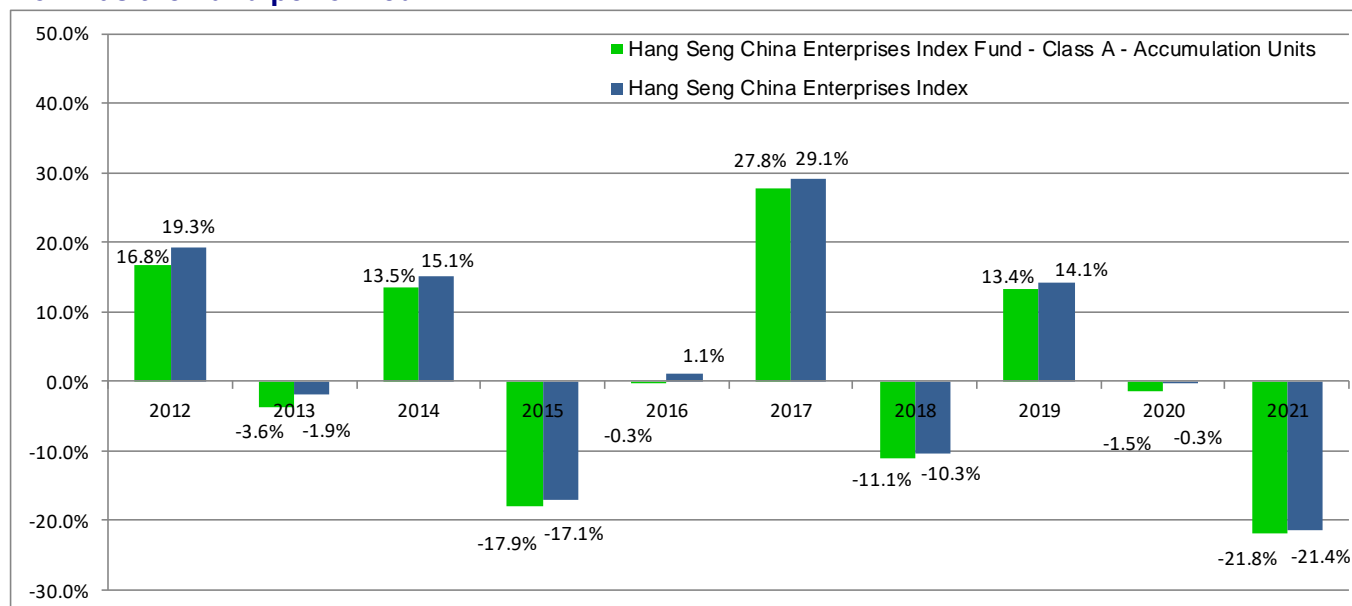
Risk of Termination of the Fund

- ❖ The Fund may be terminated early under certain circumstances, for example, where there is no market maker for the Underlying Fund, the Index is no longer available for benchmarking or if the size of the Fund falls below an equivalent of US\$4 million. Investors may not be able to recover their investments and may suffer a loss when the Fund is terminated.

Risks associated with Distribution out of the Fund's Capital

- ❖ For Income Units**, payment of dividends 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 investments. Any such distributions may result in an immediate reduction of the Net Asset Value per Unit.

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 HKD including ongoing charges and excluding subscription fee and switching fee you might have to pay.
- ❖ The Benchmark of the Fund is Hang Seng China Enterprises Index (total return with dividend reinvested, net of PRC withholding tax).
- ❖ The Class B Units of the Fund were consolidated into Class A Units of the Fund with effect from 24 December 2014.
- ❖ Fund launch date: 2003
- ❖ Class A - Accumulation Units launch date: 2003
- ❖ The Manager views Class A - Accumulation Units, being the retail Class of Units with the longest track record and 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.
- ❖ The past performance information (if any) for Class I Units 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 A Units	Up to 3.0% of the issue price of the Fund
	Class A AUD (Hedged) Units	

	Class A RMB (Hedged) Units	
	Class A1 Units	
	Class D Units	
	Class I Units	Up to 2.0% of the issue price of the Fund
Switching Fee	Class A Units	Up to 2.0% of the issue price of the Fund
	Class A AUD (Hedged) Units	
	Class A RMB (Hedged) Units	
	Class A1 Units	
	Class D Units	
	Class I Units	Up to 1.0% of the issue price of the Fund
Redemption Fee	Class A Units	Nil
	Class A AUD (Hedged) Units	
	Class A RMB (Hedged) Units	
	Class A1 Units	
	Class D Units	
	Class I Units	

Please contact the Authorised Distributor(s) of the Fund for details.

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		
		The Fund [^] (as a percentage per annum on the net asset value of the Fund)	The Underlying Fund [†] (as a percentage per annum on the net asset value of the Underlying Fund)	Aggregate Fees (as a percentage per annum on the Net Asset Value of the Fund)
Management Fee	Class A Units	Up to 1.0% (currently waived)	0.55%	Up to 1.0% (currently 0.55%)
	Class A AUD (Hedged) Units			
	Class A RMB (Hedged) Units			
	Class A1 Units			
	Class D Units			
	Class I Units	Up to 0.7% (currently waived)		Up to 0.7% (currently 0.55%)
Trustee Fee	Class A Units	0.045%	0.0475%	0.0925%
	Class A AUD (Hedged)			

	Units			
	Class A RMB (Hedged) Units			
	Class A1 Units			
	Class D Units			
	Class I Units			

[^] Please note that, as regard to the Fund, 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.

[†] Please note that the annual rate stated may be increased up to a permitted maximum rate as set out in the Hong Kong Offering Document of the Underlying Fund 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

- ❖ You generally buy and redeem Units at the Fund's next-determined Net Asset Value.
- ❖ The 2 Dealing Sessions are the Morning Dealing Session (with Morning Cut-Off Time) and the Afternoon Dealing Session (with Afternoon Cut-off Time). For subscription and redemption applications, there are 2 cut-off times for Class A Units and Class I Units; and for Class A AUD (Hedged) Units, Class A RMB (Hedged) Units, Class A1 Units and Class D Units, there is only one Dealing Session i.e. the Afternoon Dealing Session. For switching applications, there is only one cut-off time i.e. the Afternoon Cut-off Time for all classes of Units. Generally, Dealing Day is any day (except Saturday) on which banks in Hong Kong are open for normal banking business. Please refer to the Explanatory Memorandum for the full definition of "Dealing Day". In respect of jurisdiction(s) other than Hong Kong, the availability of the Dealing Sessions may be limited due to technical operational reasons or otherwise. Investors in such jurisdiction(s) may contact the relevant local Authorised Distributor(s) as to the Dealing Session(s) which is available in their jurisdiction(s).
- ❖ To be dealt with on a Dealing Session/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 Class A Units and Class I Units of the Fund is calculated twice in respect of each Dealing Day as at such time after each of the Morning Cut-off Time and the Afternoon Cut-off Time respectively but before the next relevant Dealing Cut-off time, and the Net Asset Value of Class A AUD (Hedged) Units, Class A RMB (Hedged) Units, Class A1 Units and Class D Units of the Fund is calculated once in respect of each Dealing Day as at such time after the Afternoon Cut-off Time but before the next relevant Dealing Cut-off time. The Net Asset Value of the Fund is available online at www.hangsenginvestment.com[▲].
- ❖ Restrictions on redemption: The Manager is entitled at its discretion and with the approval of the Trustee to limit the number of Units redeemed in respect of any Dealing Session (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total Net Asset Value of the Units in the Fund then in issue.
- ❖ The compositions of the dividends (if any) (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website 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.

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