



Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng China Equity 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	
Dealing Frequency:	Daily*	
Dividend Policy:	<p>Discretionary, if any</p> <p>The Manager may at its discretion pay dividend out of the capital of the Fund.</p> <p>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.</p>	
Minimum Subscription Amount (lump sum):	As determined by the Authorised Distributor(s) of the Fund	
Ongoing charges over a year**	Class A HKD Units	1.69%
	Class A USD Units	1.69%
Financial year end of the Fund:	31 December	

* 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”.

** The ongoing charges figures for Class A HKD Units and Class A USD Units 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. 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.

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”).

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 which engage in China-related businesses and are listed on The Stock Exchange of

Hong Kong Limited (mainly H-shares and red chips shares) or on any other overseas exchange.

Investment Strategy

At least 70% of the Fund's Net Asset Value will be invested in securities of companies which engage in China-related businesses and are listed on The Stock Exchange of Hong Kong Limited (mainly H-shares and red chips shares) or on any other overseas exchange.

The Fund may invest less than 30% of its Net Asset Value in mainland China-listed A-shares, including but not limited to stocks listed on the ChiNext Board, via the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect (collectively, "Stock Connect").

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

Using bottom-up investment approach, the Manager will employ both quantitative and qualitative analysis in selecting securities which have potential for investments. While analytical tools like financial ratio analysis and valuation models will be used to assess the fundamental values of the listed companies, the Manager will also analyse the structure of the industry, the competitive advantage and the investment prospect of the relevant listed companies in which the Fund will invest.

The Fund may also invest less than 30% of the Net Asset Value of the Fund in liquid assets denominated in HK dollars such as Exchange Fund Bills, 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 allocate the Fund's portfolio into these liquid assets.

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

- ❖ A Class of Units may be designated in a currency other than the base currency of the Fund. In addition, the underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund or the class currency of the respective Class(es) of Units 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 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.

Concentration Risk

- ❖ The Fund's investments are concentrated in securities of companies which engage in China-related businesses. 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 China.

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.

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.

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 Connect are subject to quota limitations. Where a suspension in the trading through the programme is effected, the Fund's ability to invest in A-Shares or access the PRC market through the programme will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.

RMB Currency and Conversion Risks relating to RMB Denominated Securities

- ❖ 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.

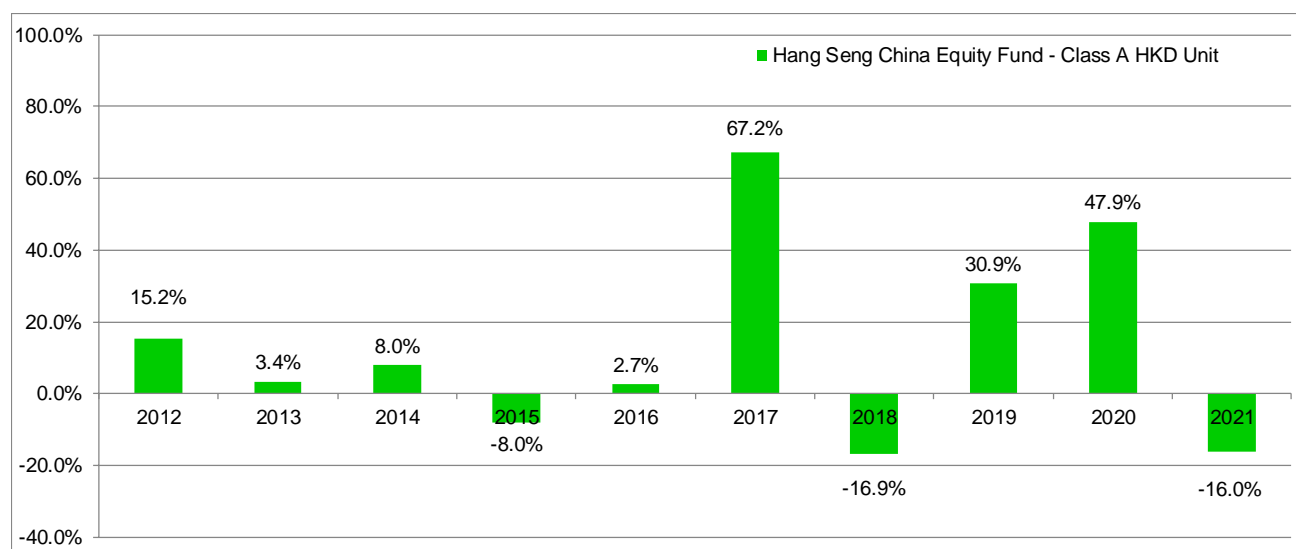
PRC Tax Risk

- ❖ 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.
- ❖ The Manager currently does not make withholding income tax provision for gross realised or unrealised capital gains derived from trading of H-shares and/or certain red chip shares.
- ❖ 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.

Risks associated with Distribution out of the Fund's Capital

- ❖ 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 Fund 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 Class B Units of the Fund were consolidated into Class A HKD Units of the Fund with effect from 24 December 2014.
- ❖ Fund launch date: 2005
- ❖ Class A HKD Units launch date: 2005
- ❖ The Manager views Class A HKD 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.

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 HKD Units	Up to 4.0% of the issue price of the Fund
	Class A USD Units	
Switching Fee	Class A HKD Units	Up to 2.0% of the issue price of the Fund
	Class A USD Units	

Redemption Fee	Class A HKD Units	Nil
	Class A USD 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 (as a % of the Net Asset Value of the Fund)	
Management Fee [^]	Class A HKD Units	Up to 1.5%
	Class A USD Units	
Trustee Fee [^]	Class A HKD Units	0.1%
	Class A USD Units	

[^] 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

- ❖ 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[▲].
- ❖ 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)