



Issuer: Hang Seng Investment Management Limited

- ***This statement provides you with key information about Hang Seng China 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:	FTSE China 50 Index	
Dealing Frequency:	Daily*	
Dividend Policy:	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.
	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	1.30%
Tracking difference of 2021****	Class A - Income Units**	-1.00%
	Class A - Accumulation Units	-1.00%
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 Income Units are no longer marketed to the public of Hong Kong starting from 31 December 2014.

*** 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 and the ongoing charges of the 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 figure (if any) for the Class A - Income Units is available from the Manager on request.

**** This is the actual tracking difference of the calendar year 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.

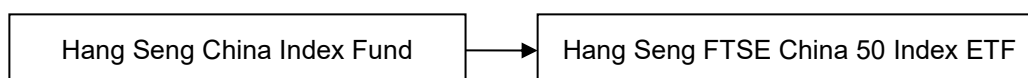
Objective and Investment Strategy

Objective

The investment objective of the Fund is to match as closely as practicable, before fees and expenses, the total return performance of the FTSE China 50 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 FTSE China 50 Index ETF as the Underlying Fund, the net derivative exposure of which is up to 50% of its net asset value. (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 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") (Stock Code: 2838). 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 is designed to represent the performance of the mainland China market that is available to international investors. The Index is denominated in HKD and was launched on 19 April 2001 with a base value of 5000 as of 16 March 2001.

It is calculated in real-time and published on an intra-second streaming basis.

The Index consists of 50 largest and most liquid Chinese stocks (H-shares, Red Chip Shares and P Chip Shares) listed and traded on the SEHK. Each stock comprising the Index is also a constituent stock of the FTSE All-World Index.

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

The stocks are free-float weighted with a 9% cap on each constituent. The review of the Index is conducted quarterly.

The Manager and its connected persons are independent of the Index provider.

As at 13 April 2022, the Index comprised 50 constituents listed on SEHK with total market capitalisation of HKD 9,606.2 billion. The constituents of the Index together with their respective weightings may be accessed via the website of the Index provider, FTSE International Limited at www.ftserussell.com[▲].

For details about the Index and the Index methodology, please refer to the website of the Index provider, FTSE International Limited, at www.ftserussell.com[▲].

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.

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 is 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 Chinese stocks listed and traded on the SEHK. 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 the mainland 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 political and economic uncertainties, legal and taxation risk, and the likelihood of a high degree of volatility.

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.

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) 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 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.

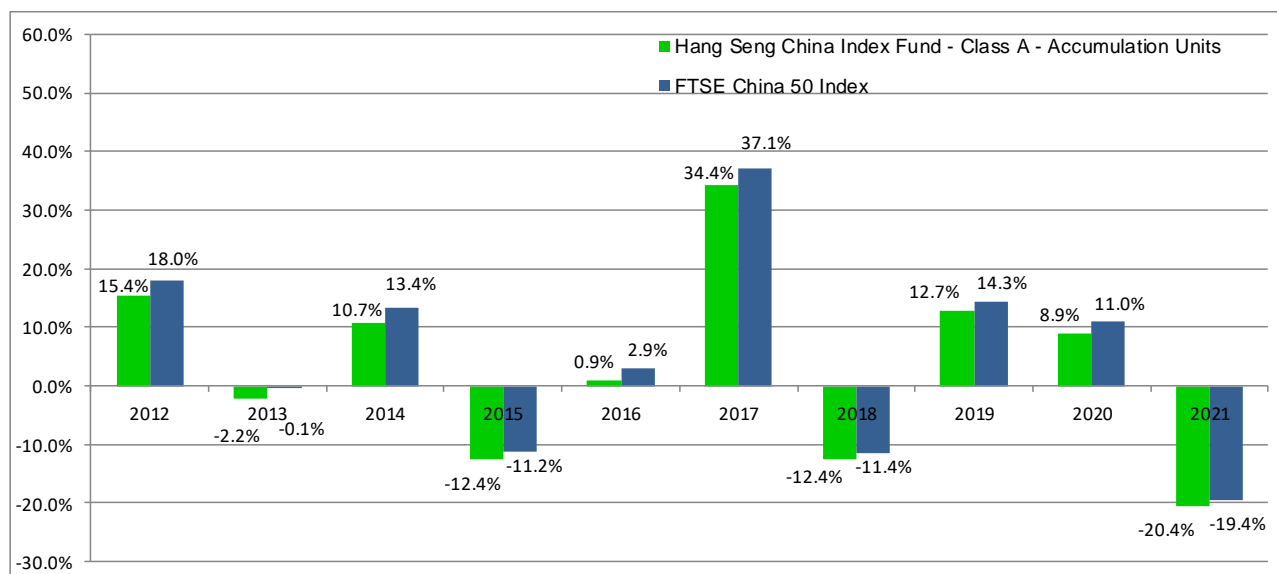
Termination Risk

- ❖ 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 of the Fund and the Index 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 FTSE China 50 Index (total return with dividend reinvested). It was enhanced and renamed from FTSE China 25 Index (formerly known as “FTSE/Xinhua China 25 Index”) with effect on and from 22 September 2014. Please note that all the performance information of the Index presented above is that of the FTSE China 50 Index though it is before 2014.
- ❖ 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.

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#
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Subscription Fee	Class A Units	Up to 3.0% of the issue price of the Fund
Switching Fee	Class A Units	Up to 2.0% of the issue price of the Fund
Redemption Fee	Class A Units	Nil

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	The Underlying Fund [^] (as a % per annum of the Net Asset Value of the Underlying Fund)	Aggregate Fees (Maximum) (as a % per annum of the Net Asset Value of the Fund)
Management Fee	Class A Units	Currently waived	0.55%	0.55%
Trustee Fee	Class A Units	Currently waived	0.05%	0.05%

[^] Please note that the annual rate stated is the rate charged currently as specified in the Hong Kong Offering Document of the Underlying Fund. It 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.
- ❖ 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.