CSOP ETF Series II
CSOP China 5-Year Treasury Bond ETF

Prospectus
14 February 2014

南方東英
CSOP ASSET MANAGEMENT
Leading the world's China investment

Important - If you are in doubt about the contents of this Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This Addendum forms an integral part of and should be read in conjunction with the Prospectus dated 14 February 2014 (as amended by the First Addendum dated 17 February 2014, the Second Addendum dated 6 June 2014, the Third Addendum dated 20 June 2014, the Fourth Addendum dated 30 June 2014, the Fifth Addendum dated 1 September 2014, the Sixth Addendum dated 20 April 2015 and the Seventh Addendum dated 10 September 2015) (the "**Prospectus**").

The Manager accepts full responsibility for the accuracy of the information contained in this Addendum 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.

CSOP ETF SERIES II

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

CSOP China 5-Year Treasury Bond ETF
Stock Codes: 83199 (RMB counter) and 03199 (HKD counter)

EIGHTH ADDENDUM TO PROSPECTUS

Amendments to Prospectus

The following changes made to the Prospectus shall apply with effect from 1 February 2016 to reflect, among others, the change in publication of information of CSOP China 5-Year Treasury Bond ETF:-

1. Section headed "Statutory and General Information" of the Prospectus

The second paragraph under the sub-section headed "Information Available on the Internet" shall be deleted in its entirety and replaced with the following:-

"The near real time estimated Net Asset Value per Unit in HKD, under (e) above, and the last closing Net Asset Value per Unit in HKD, under (f) above, are indicative and for reference only. The near real time estimated Net Asset Value per Unit in HKD is updated during SEHK trading hours. The near real time estimated Net Asset Value per unit in HKD uses a real time HKD:RMB foreign exchange rate – it is calculated using the near real time estimated Net Asset Value per Unit in RMB multiplied by a real time HKD:CNH foreign exchange rate provided by Sumscope when the SEHK is open for trading."

2. Section headed "Description of the Sub-fund" of the Prospectus

a. The first paragraph under the sub-section headed "The ChinaBond 5-year Treasury Bond Index (the "Index")" is deleted in its entirety and replaced with the following:-

"The Index comprises fixed-rate interest bearing PRC Treasury Bonds that has a term to maturity of over 4 years and less than 7 years. The Index was launched on 25 January 2013 with a base level of 100 on 31 December 2007. As at 22 January 2016, the Index had a total capitalization of RMB 3018.84 billion and 34 constituents.

b. The first paragraph and the table under the sub-section headed "Constituent Securities of the Index" is deleted in its entirety and replaced with the following:-

"As at 22 January 2016, the following were the 10 largest constituents of the Index, representing approximately 55.79% of the total capitalisation of the Index, were as follows:

Rank	**Maturity Date**	**Years to maturity**	**Coupon**	**% of Index**	**Credit rating of the bond issuer****	**Yield to maturity**
1	2022-12-11	6.8852	4.45%	27.84%	Aa3	2.82%
2	2022-05-24	6.3379	3.36%	3.44%	Aa3	2.80%
3	2020-04-18	4.2377	3.29%	3.21%	Aa3	2.72%
4	2020-10-17	4.735	4.07%	3.13%	Aa3	2.70%
5	2022-02-23	6.087	3.51%	3.12%	Aa3	2.78%
6	2021-04-03	5.1967	4.33%	3.11%	Aa3	2.72%
7	2020-07-11	4.4672	3.46%	3.02%	Aa3	2.82%
8	2021-07-03	5.4454	4.02%	3.00%	Aa3	2.74%
9	2022-04-16	6.2322	3.54%	2.98%	Aa3	2.82%
10	2022-08-23	6.587	3.39%	2.94%	Aa3	2.81%

The Prospectus may only be distributed if accompanied by this Addendum and all previous addenda.

CSOP Asset Management Limited
南方東英資產管理有限公司
Date: 29 January 2016

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This Addendum forms an integral part of and should be read in conjunction with the Prospectus dated 14 February 2014 (as amended by the First Addendum dated 17 February 2014, the Second Addendum dated 6 June 2014, the Third Addendum dated 20 June 2014, the Fourth Addendum dated 30 June 2014, the Fifth Addendum dated 1 September 2014 and the Sixth Addendum dated 20 April 2015) (the "**Prospectus**").

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SEVENTH ADDENDUM TO PROSPECTUS

Amendments to Prospectus

The following changes made to the Prospectus shall apply with effect from 14 September 2015 to reflect, among others, the change in Application Unit Size of CSOP China 5-Year Treasury Bond ETF:-

1. **Section headed "Description of the Sub-Fund" of the Prospectus**

The row relating to "Application Unit Size (only Participating dealers)" under the sub-section headed "Key Information" under the section headed "Description of the Sub-Fund" of the Prospectus shall be deleted in its entirety and replaced with the following:-

Application Unit Size (only Participating Dealers)	Minimum 100,000 Units or such other number of Units as the Manager may determine and approved by the Trustee

2. **Section headed "Offering Phases" of the Prospectus**

a) The row relating to "After listing (period commences on the Listing Date)" under the sub- section headed "Timetable" under the section headed "Offering Phases" of the Prospectus shall be deleted in its entirety and replaced with the following:-

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 a minimum number of 100,000 Units (or such other number of Units as the Manager may determine and approved by the Trustee)	 • Commence at 9:30 a.m. (Hong Kong time) on 19 February 2014, but may be postponed by the Manager to a date no later than 19 March 2014 • 8:00 a.m. (Hong Kong time) to 11 a.m. (Hong Kong time) on each Dealing Day

b) The column relating to "Minimum Number of Units (or such other number of Units as determined by the Manager and approved by the Trustee" under the sub-subsection headed "Initial Offer Period" under the sub-section headed "Summary of Offering Methods and Related fees" of the Prospectus shall be deleted in its entirety and replaced with the following:-

Minimum Number of Units (or such other number of Units as determined by the Manager and approved by the Trustee)	100,000 (Application Unit Size)

c) The column relating to "Minimum Number of Units (or such other number of Units as determined by the Manager and approved by the Trustee" under the sub-subsection headed "After Listing" under the sub-section headed "Summary of Offering Methods and Related fees" of the Prospectus shall be deleted in its entirety and replaced with the following:-

Minimum Number of Units (or such other number of Units as determined by the Manager and approved by the Trustee)	Board lot of 20 Units for HKD traded Units and 20 Units for RMB traded Units	100,000 (Application Unit Size)

3. <u>Section headed "Creations and Redemptions (Primary Market)" of the Prospectus</u>

The last paragraph under the sub-subsection headed "Requirements Relating to Creation Requests by Potential Investors" under the sub-section headed "Creation of Units through a Participating Dealer" of the Prospectus shall be deleted in its entirety and replaced with the following:-

"The Application Unit Size for the Sub-Fund is 100,000 Units. Creation Applications submitted in respect of Units other than in Application Unit Size will not be accepted."

4. <u>Section headed "Management of the Trust" of the Prospectus</u>

The sub-section headed "The Directors of the Manager" under the section headed "Management of the Trust" of the Prospectus is amended as follows:-

a) “The directors of the Manager are Chen Ding, Liangyu Gao, Gaobo Zhang, Benoit Descourtieux, Zhongping Cai and Haipeng Li and Zengtao Wu.”

b) All references to Xiaosong Yang and the biography of Xiaosong Yang are deleted in their entirety.

c) The biography of Chen Ding under the sub-section headed “The Directors of the Manager” shall be deleted in its entirety and replaced with the following:-

“**Chen Ding**

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., one of the largest fund management companies in China with assets under management of RMB160 billion (as at 30 June 2013), where she was accountable for international strategic planning, fund product development and relationship management with various distribution channels and industry regulators for the company. She established and managed the first QDII mutual fund (assets under management RMB10 billion as at 30 June 2012), which she was also a member of the Investment Management Committee, from 2007 to June 2013. She was responsible for setting the 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. She supervised five portfolio managers and two analysts.

Ms. Ding is the Chairperson of Chinese Asset Management Association of Hong Kong Limited, which promotes professional standards of practice in the fund management industry. She is also the Deputy Chairperson of the Chinese Securities Association of Hong Kong Company Limited. Ms. Ding was appointed under authority delegated by the Chief Executive and the Financial Secretary, as a member to the Securities and Futures Appeals Tribunal as of 1 April 2013. She was also appointed by the Securities and Futures Commission as a member of the Product Advisory Committee for two years with effect from 1 April 2014, a member to the Process Review Panel since 1 November 2014 and a member of the Advisory Committee since 1 June 2015. Ms. Ding is also a member of the Financial Reporting Review Panel of the Financial Reporting Council as well as a member of the New Business Committee of the Hong Kong Financial Services Development Council.

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. 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 China Chengdu Science and Technology University in the PRC."

d) The following biography of Zengtao Wu is inserted immediately following the biography of Haipeng Li under the sub-section headed "The Directors of the Manager":-

"Zengtao Wu

Mr. Wu is an Advisor of China Southern Asset Management Co. Ltd where he assists the General Manager in fund product development. He joined the Manager in 2015.

Prior to joining China Southern Asset Management Co. Ltd., Mr. Wu served as a Director of the Department of Fund and Intermediary Supervision of the CSRC.

Mr. Wu holds the Chartered Financial Analyst designation and a Master's degree in Economics from the Peking University in China."

The Prospectus may only be distributed if accompanied by this Addendum and all previous addenda.

CSOP Asset Management Limited
南方東英資產管理有限公司
Date: 10 September 2015

Important - If you are in doubt about the contents of this Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This Addendum forms an integral part of and should be read in conjunction with the Prospectus dated 14 February 2014 (as amended by the First Addendum dated 17 February 2014, the Second Addendum dated 6 June 2014, the Third Addendum dated 20 June 2014, the Fourth Addendum dated 30 June 2014 and the Fifth Addendum dated 1 September 2014) (the "**Prospectus**").

The Manager accepts full responsibility for the accuracy of the information contained in this Addendum 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.

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SIXTH ADDENDUM TO PROSPECTUS

Amendments to Prospectus

The following changes made to the Prospectus shall apply with effect from 20 April 2015 to reflect, among others, the change in investment policy CSOP China 5-Year Treasury Bond ETF:-

1. Sub-section headed "Investment Strategy" under section headed "Description of the Sub-fund" of the Prospectus

The third to fifth paragraph in sub-section headed "Investment Strategy" is deleted in its entirety and replaced with the following:-

"It is intended that the Sub-Fund will invest not less than 70% of its Net Asset Value in the PRC Treasury Bonds included in the Index which have a term to maturity of over 4 years and less than 7 years, through the RQFII investment quota granted to the Manager by the SAFE (as explained in the section on "What is the RQFII regime?" below). As the Index comprises only PRC Treasury Bonds, there is no credit rating requirement for inclusion in the Index. The credit rating of the PRC government as the issuer of PRC Treasury Bonds is AA– by Standard & Poor's and Aa3 by Moody's.

However the Sub-Fund may also invest not more than 30% of its Net Asset Value in debt Securities that are not included in the Index which have a term to maturity of less than 10 years, provided that the sample closely reflects the overall characteristics of the Index which the Manager believes will help the Sub-Fund achieve its investment objective. These non-Index Securities include (a) PRC Treasury Bonds that are not included in the Index; (b) bonds that are issued by PBOC; and (c) bonds issued by

China Development Bank, Export-Import Bank of China and Agricultural Development Bank of China, all of which have the same credit rating as the PRC Sovereign (AA– by Standard & Poor's and Aa3 by Moody's). These investments will be onshore investments in the PRC.

The Sub-Fund currently intends to invest in bonds via the inter-bank bond market, Shanghai Stock Exchange and/or Shenzhen Stock Exchange. Such trades are on delivery versus payment basis i.e. the Sub-Fund will only pay the counterparty upon receipt of the securities."

2. <u>Section headed "Description of the Sub-fund" of the Prospectus</u>

The following information should be inserted immediately after sub-section "Overview of PRC Treasury Bond":-

"**Overview of Policy Bank Bond**

"Policy banks" refers to those financial institutions which were established by the Policy Banks Law of 1994 to implement the state policies for financing state-invested projects, promoting industries, and supporting economic and trade development. There are three policy banks: the China Development Bank ("CDB"), the Export-Import Bank of China ("Chexim") and the Agricultural Development Bank of China ("ADBC"). All of them are wholly owned by the state and under the direct jurisdiction of the State Council of the PRC, meanwhile CDB specialises in large infrastructure financing, including most of the funding for Shanghai Pudong International Airport and the Three Gorges Dam; Chexim focuses on trade financing and government concessional loans, and ADBC provides funds for agricultural development projects in rural areas.

All three policy banks fund themselves mainly through bond issuances in the PRC domestic market. As at the end of December 2014, the value of outstanding bonds issued by policy banks was approximately RMB9.76billion, comprising approximately 30% of total interbank bond market. Among the three policy banks, CDB has RMB6,100billion outstanding, Chexim has RMB1,581billion and ADBC has RMB2,108 billion. From January 2014 to December 2014, the daily average trading volume of policy banks bonds was approximately RMB 68 billion and the daily average number of trades is about 611. Policy bank bonds have the same credit ratings of the relevant policy banks. All three policy banks have the credit rating as the PRC sovereign, which are AA- by Standard & Poor's and Aa3 by Moody's. In the PRC market, PRC treasury bonds, policy banks bonds, as well as PBOC bills are called interest rate bonds, by reference to the low risk of credit risk or default.

Policy Bank Bond Issuer	**China Development Bank**	**The Export-Import Bank of China**	**Agricultural Development Bank of China**
Market capitalisation	Approximately RMB 6.1trillion, as at 31 December 2014 (source: ChinaBond)	Approximately RMB1.6 trillion, as at 31 December 2014 (source: ChinaBond)	Approximately RMB2.1 trillion, as at 31 December 2014 (source: ChinaBond)
Key market participants	Institutional investors/ Retail investors	Institutional investors	Institutional investors
Major tenors	From 1 year to 50 years	6 months and 10 years	6 months and 10 years
Trading platform	Inter-bank market, exchange market	Inter-bank market	Inter-bank market
Liquidity	Good	Good	Good

Custodian Format	Book-entry bond	Book-entry bond	Book-entry bond
Custodian	CCDC, CSDCC	CCDC	CCDC

Similar to PRC treasury bonds, policy banks bonds are offered in the primary market by using the PBOC tender system. The main tenor of policy bank bond issuance is from 1 year to 10 years, although there are also shorter-than-one-year bills offer and longer-than-ten-year long bond offer. Unlike PRC treasury bonds, the policy bank bonds only exist in book-entry format and are for institutional investors only. Most of them are traded in the inter-bank bond market and custodian under CCDC. The main investors of policy bank bonds are commercial banks, funds, insurance companies and securities houses.

Market makers facilitate the secondary market trading by actively quoting bid and offer prices of bonds and acting as counterparties to market participants, while brokers perform the same role by actively providing bonds quotations to proactively match those from potential buyers and sellers. Trades can also be done without brokers. Investors can approach potential counterparties through their traders and do trades directly with their counterparties."

3. Sub-section headed "RMB Payment or Account Procedures" under section headed "Offering Phases" of the Prospectus

The fifth paragraph under the sub-section headed "RMB Payment or Account Procedures" is deleted in its entirety and replaced with the following:-

"Investors should ensure they have sufficient RMB to settle of Units traded in RMB. Investors should consult the banks for the account opening procedures as well as terms and conditions of the RMB bank account. Some banks may impose restrictions on their RMB cheque account and fund transfers to third party accounts. For non-bank financial institutions (e.g. brokers), however, such restriction may not be applicable and investors should consult their brokers as to the currency exchange service arrangement if required."

4. Sub-section headed "The ChinaBond 5-year Treasury Bond Index (the "Index")" under section headed "Description of the Sub-fund" of the Prospectus

The first paragraph under the sub-section headed "The ChinaBond 5-year Treasury Bond Index (the "Index")" is deleted in its entirety and replaced with the following:-

"The Index comprises fixed-rate interest bearing PRC Treasury Bonds that has a term to maturity of over 4 years and less than 7 years. The Index was launched on 25 January 2013 with a base level of 100 on 31 December 2007. As at 31 March 2015, the Index had a total capitalization of RMB 1,796 billion and 59 constituents.

5. Sub-section headed "Constituent Securities of the Index" under section headed "Description of the Sub-fund" of the Prospectus

The first paragraph and the table under the sub-section headed "Constituent Securities of the Index" is deleted in its entirety and replaced with the following:-

"As at 31 March 2015, the following were the 10 largest constituents of the Index, representing approximately 48.82 % of the total capitalisation of the Index, were as follows:

Rank	Maturity Date	Years to maturity	Coupon	% of Index	Credit rating of the bond issuer**	Yield to maturity
1	24-May-22	7.1492	3.36%	5.42%	Aa3	3.61%
2	7-Jun-19	4.1863	3.14%	5.20%	Aa3	3.39%

3	18-Apr-20	5.0493	3.29%	5.04%	Aa3	3.62%
4	17-Oct-20	5.5479	4.07%	5.04%	Aa3	3.57%
5	3-Jul-21	6.0082	4.33%	4.94%	Aa3	3.55%
6	23-Feb-22	6.9006	3.51%	4.81%	Aa3	3.60%
7	3-Jul-21	6.2575	4.02%	4.74%	Aa3	3.55%
8	11-Jul-20	5.2795	3.46%	4.70%	Aa3	3.60%
9	6-Sep-19	4.4356	3.25%	4.49%	Aa3	3.39%
10	24-Jan-20	4.8192	3.42%	4.45%	Aa3	3.60%

6. <u>Sub-section headed "Fees and expenses payable by investors" under section headed "Fees and Expenses" of the Prospectus</u>

a. The row relating to "Transaction Levy" under the sub-section headed "Fees and expenses payable by investors" shall be deleted in its entirety and replaced with the following:-

"Transaction levy 0.0027%[7]"

b. The footnote (7) under the sub-section headed "Fees and expenses payable by investors" shall be deleted in its entirety and replaced with the following:-

"[7] Transaction levy of 0.0027% of the price of the Units payable by each of the buyer and the seller."

7. <u>Sub-section headed "Operational and Settlement Risks" under section headed "Risk Factors" of the Prospectus</u>

The last paragraph under the sub-section headed "Operational and Settlement Risks" is deleted in its entirety and replaced with the following:-

"To the extent that Sub-Fund transacts in the inter-bank bond market in the PRC, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. Many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions on the inter-bank bond market which is an over-the-counter market. All trades settled through CCDC are on delivery versus payment basis i.e. the Sub-Fund will only pay the counterparty upon receipt of the Securities. If a counterparty defaults in delivering the Securities, the trade may be cancelled and the Sub-Fund may need to find another counterparty to complete the transaction, which may be at a less favourable price and thus adversely affecting the value of the Sub-Fund. Any transaction via exchange markets may also be subject to settlement delays."

8. <u>Section headed "Taxes" of the Prospectus</u>

a. The third paragraph under the sub-section headed "The Sub-Fund" is deleted in its entirety and replaced with the following:-

"Stamp Duty: Hong Kong stamp duty payable on the delivery of Hong Kong stocks by an investor to the Sub-Fund as consideration for an allotment of Units, or by the Sub-Fund to an investor upon redemption of such Units will be remitted, subject to application, under Section 52 of the Stamp Duty Ordinance. No Hong Kong stamp duty is payable by the Sub-Fund on an issue or redemption of Units."

b. The third paragraph under the sub-section headed "The Unitholders" is deleted in its entirety and replaced with the following:-

"Stamp Duty: For a transfer executed for a transaction by which a Unit of the Sub-Fund is transferred, stamp duty is waived with effect from 13 February 2015 pursuant to the Stamp Duty (Amendment) Ordinance 2015."

Revision relating to China Securities Depository and Clearing Co., Ltd

9. Section headed "Definitions" of the Prospectus

The following information should be inserted immediately after "Creation Application":-

""CSDCC" means the China Securities Depository and Clearing Co., Ltd"

10. Sub-section headed "What is the RQFII Regime?" under Section headed "Description of the Sub-fund" of the Prospectus

a. The fifth paragraph under sub-section "What is the RQFII Regime?" is deleted in its entirety and replaced with the following:-

"All of the Sub-Fund's assets in the PRC acquired through or in connection with the RQFII quota of the Manager (including onshore PRC cash deposits, its onshore PRC Government and Policy Bank Bonds portfolio and other PRC onshore investments) will be held by the PRC Custodian in accordance with the terms of the PRC Custody Agreement and PRC Participation Agreement. Securities account(s) has/have been opened with the relevant depository(ies) in the joint names of the Manager (as the RQFII holder) and the Sub-Fund. An RMB special deposit account has also been established and maintained with the PRC Custodian in the joint names of the Manager (as the RQFII holder) and the Sub-Fund. The PRC Custodian shall, in turn, have a cash clearing account with the relevant depository(ies) for trade settlement according to applicable regulations."

b. The paragraph (a) under sub-section "What is the RQFII Regime?" is deleted in its entirety and replaced with the following:-

"(a) securities account(s) with the relevant depository(ies) and maintained by the PRC Custodian and RMB special deposit account(s) with the PRC Custodian (respectively, the "Securities Account(s)" and the "Cash Account(s)") have been opened in the joint names of the Manager (as RQFII holder) and the Sub-Fund and for the sole benefit and use of the Sub-Fund in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;"

11. Sub-section headed "RQFII Systems Risk" under Section headed "Risk Factors" of the Prospectus

a. The second paragraph under sub-section "RQFII Systems Risk" is deleted in its entirety and replaced with the following:-

"Onshore PRC securities are registered in the joint names of the Manager (as the RQFII holder) and the Sub-Fund in accordance with the relevant rules and regulations, and maintained in electronic form via securities account(s) with the relevant depository(ies). The accounts are required to bear the name of "CSOP Asset Management Limited" as this is the name under which the RQFII is approved by the relevant regulator. The PRC Custodian acts on the RQFII's behalf in the inter-bank bond market and maintain the Sub-Fund's assets in custody in accordance with the terms of the PRC Custody Agreement."

b. The first paragraph under sub-section "PRC Custodian Risk" is deleted in its entirety and replaced with the following:-

"**PRC Custodian Risk.** Onshore PRC assets will be maintained by the PRC Custodian in electronic form via securities account(s) with the relevant depository(ies) and a special deposit account with the PRC Custodian."

12. <u>Sub-section headed "The Trustee and Registrar" under Section headed "Management of the Trust" of the Prospectus</u>

The paragraphs (a) and (b) under sub-section "The Trustee and Registrar" is deleted in its entirety and replaced with the following:-

"(a) the Trustee takes into its custody or under its control the assets of the Sub-Fund, including onshore PRC assets which will be maintained by the PRC Custodian in electronic form via securities account(s) with the relevant depository(ies) and any assets deposited in a cash account with the PRC Custodian, and holds the same in trust for the relevant Unitholders;

(b) cash and registrable assets of the Sub-Fund, including assets deposited in the securities account(s) with the relevant depository(ies) and cash of any Sub-Fund held by the PRC Custodian, are registered in the name of or held to the order of the Trustee; and"

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CSOP Asset Management Limited
南方東英資產管理有限公司
Date: 20 April 2015

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Stock Codes: 83199 (RMB counter) and 03199 (HKD counter)

FIFTH ADDENDUM TO PROSPECTUS

Amendments to Prospectus

The following changes made to the Prospectus shall apply with effective from 1 September 2014 to reflect the change of the trading board lot size and units consolidation of CSOP China 5-Year Treasury Bond ETF:-.

1. Section headed "Description of the Sub-Fund" of the Prospectus

- The row relating to "Index" under the sub-section headed "Key Information" under the section headed "Description of the Sub-Fund" of the Prospectus shall be deleted in its entirety and replaced with the following:-

Index	Index: ChinaBond 5-year Treasury Bond Index Launch Date: 25 January 2013 Number of constituents: 56 (13 August 2014) Total Market Capitalisation: RMB 1,574.5 billion (13 August 2014) Base Currency: RMB Index Provider: China Central Depositary & Clearing Co., Ltd Index Type: Total return index

- The row relating to "Trading Board Lot Size" under the sub-section headed "Key Information" under the section headed "Description of the Sub-Fund" of the Prospectus shall be deleted in its entirety and replaced with the following:-

Trading Board Lot Size	20 Units – RMB counter 20 Units – HKD counter

- The row relating to "Application Unit Size (only Participating dealers)" under the sub-section headed "Key Information" under the section headed "Description of the Sub-Fund" of the Prospectus shall be deleted in its entirety and replaced with the following:-

Application Unit Size (only Participating Dealers)	Minimum 200,000 Units or such other number of Units as the Manager may determine and approved by the Trustee

- The row relating to "Management Fee" under the sub-section headed "Key Information" under the section headed "Description of the Sub-Fund" of the Prospectus and its corresponding footnote immediately under the table shall be deleted in its entirety and replaced with the following:-

Management Fee	0.49% p.a. of Net Asset Value calculated daily

- The following row shall be inserted immediately below the row relating to "Management Fee" under the sub-section headed "Key Information" under the section headed "Description of the Sub-Fund" of the Prospectus:-

Ongoing Charges Over a Year	0.56% (The figure is an estimate based on the annualized projection of the actual expenses for the period between the Sub-Fund's inception date and 30 June 2014, and represents the sum of the estimated ongoing charges chargeable to the Sub-Fund expressed as a percentage of the Sub-Fund's average net asset value. The actual figure may be different from this estimated figure and it may vary from year to year.)

2. <u>Section headed "Offering Phases" of the Prospectus</u>

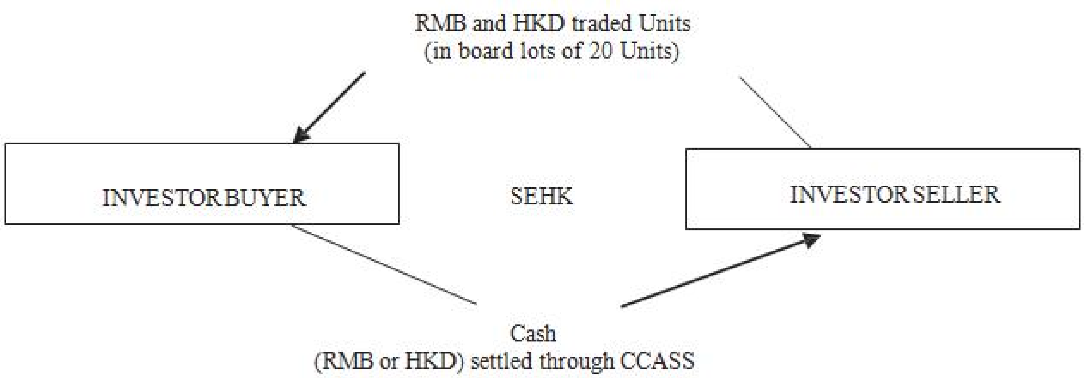
(i) The sub-section headed "Initial Offer Period" under the section headed "Offering Phases" of the Prospectus shall be deleted in its entirety.

(ii) The row relating to "Initial Offer Period commences" under the sub-section headed "Timetable" under the section headed "Offering Phases" of the Prospectus shall be deleted in its entirety.

(iii) The row relating to "After listing (period commences on the Listing Date)" under the sub-section headed "Timetable" under the section headed "Offering Phases" of the Prospectus shall be deleted in its entirety and replaced with the following:-

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 a minimum number of 200,000 Units (or such other number of Units as the Manager may determine and approved by the Trustee)	• Commence at 9:30 a.m. (Hong Kong time) on 19 February 2014, but may be postponed by the Manager to a date no later than 19 March 2014 • 8:00 a.m. (Hong Kong time) to 11 a.m. (Hong Kong time) on each Dealing Day

(iv) The paragraph (c) relating to "Buying or selling of Units in the secondary market on the SEHK – After listing" under the sub-section headed "Diagrammatic Illustration of Investment in the Sub-Fund" under the section headed "Offering Phases" shall be deleted in its entirety and replaced with the following :-



(v) The column relating to "Minimum Number of Units (or such other number of Units as determined by the Manager and approved by the Trustee" under the sub-subsection headed "Initial Offer Period" under the sub-section headed "Summary of Offering Methods and Related fees" of the Prospectus shall be deleted in its entirety and replaced with the following:-

Minimum Number of Units (or such other number of Units as determined by the Manager and approved by the Trustee	200,000 (Application Unit Size)

(vi) The column relating to "Minimum Number of Units (or such other number of Units as determined by the Manager and approved by the Trustee" under the sub-subsection headed

"After Listing" under the sub-section headed "Summary of Offering Methods and Related fees" of the Prospectus shall be deleted in its entirety and replaced with the following:-

Minimum Number of Units (or such other number of Units as determined by the Manager and approved by the Trustee)	Board lot of 20 Units for HKD traded Units and 20 Units for RMB traded Units	200,000 (Application Unit Size)

3. Section headed "Creations and Redemptions (Primary Market)" of the Prospectus

The last paragraph under the sub-subsection headed "Requirements Relating to Creation Requests by Potential Investors" under the sub-section headed "Creation of Units through a Participating Dealer" of the Prospectus shall be deleted in its entirety and replaced with the following:-

"The Application Unit Size for the Sub-Fund is 200,000 Units. Creation Applications submitted in respect of Units other than in Application Unit Size will not be accepted."

4. Sub-section headed "Constituent Securities of the Index" in the Prospectus

The first paragraph and the table under the sub-section headed "Constituent Securities of the Index" under the section headed "Description of the Sub-fund" of the Prospectus is deleted in its entirety and replaced with the following:-

"As at 13 August 2014, the following were the 10 largest constituents of the Index, representing approximately 52.52 % of the total capitalisation of the Index, were as follows:"

Rank	Maturity Date	Years to maturity	Coupon	% of Index	Credit rating of the bond issuer**	Yield to maturity
1	08 March 2019	4.69	3.41%	5.95%	Aa3	3.84%
2	07 June 2019	4.94	3.14%	5.81%	Aa3	3.84%
3	17 October 2020	6.30	4.07%	5.76%	Aa3	4.04%
4	18 April 2020	5.80	3.29%	5.58%	Aa3	4.12%
5	03 April 2021	6.03	4.33%	5.46%	Aa3	4.19%
6	11 July 2020	6.76	3.46%	5.36%	Aa3	3.96%
7	06 September 2019	5.19	3.25%	5.19%	Aa3	3.85%
8	24 January 2020	5.57	3.42%	5.05%	Aa3	4.08%
9	16 January 2021	6.55	4.44%	4.36%	Aa3	3.93%
10	18 August 2021	7.14	3.93%	4.01%	Aa3	3.99%

5. Section headed "Fees and Expenses" of the Prospectus

The sub-sub-section headed "Total Expense Ratio" under the sub-section headed "Fees and expense payable by the Sub-Fund" under the section headed "Fees and Expenses" of the Prospectus shall be deleted in its entirety and replaced with the following :-

"*Ongoing Charges over a Year*

The Sub-Fund's ongoing charges over a year represents the sum of the estimated ongoing charges chargeable to the Sub-Fund expressed as a percentage of the Sub-Fund's average net asset value. It may vary from year to year. "

6. Section headed "Management of the Trust" of the Prospectus

(a) The second paragraph under the sub-section headed "The Manager" under the section headed "Management of the Trust" of the Prospectus shall be deleted in its entirety and replaced with the following :-

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

(b) The sub-section headed "The Directors of the Manager" under the section headed "Management of the Trust" of the Prospectus is amended as follows:-

(i) "The directors of the Manager are Chen Ding, Liangyu Gao, Gaobo Zhang, Benoit Descourtieux, Xiaosong Yang, Zhongping Cai and Haipeng Li."

(ii) All references to Changkui Qin, Wenge Bao and Guolu Qiu and the biographies of Changkui Qin, Wenge Bao and Guolu Qiu are deleted in their entirety.

(iii) The following biographies of Xiaosong Yang, Zhongping Cai and Haipeng Li are inserted immediately following the biography of Benoit Descourtieux under the sub-section headed "The Directors of the Manager":-

"**Xiaosong Yang**

Mr. Yang is the Chief Executive Officer of China Southern Asset Management Co. Ltd. where he has overall responsibility for the business. He joined the Manager in 2014.

Prior to joining China Southern Asset Management Co. Ltd., Mr. Yang worked for China Securities Regulatory Commission where he served as the Deputy General of the Supervision Department.

Mr. Yang holds a Master's Degree in Accounting from Renmin University of China in the PRC.

Zhongping Cai

Mr. Cai is the Chief Financial Officer of China Southern Asset Management Co. Ltd. where he has the overall responsibility for supervising the finance unit.

Prior to joining China Southern Asset Management Co. Ltd., Mr. Cai served as the Chief Financial Officer of UBS SDIC in China. He joined the Manager in 2014.

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

Haipeng Li

Mr. Li is an Assistant General Manager and Chief Fixed Income Investment Officer of China Southern Asset Management Co. Ltd. He joined the Manager in 2014.

Mr. Li holds the Chartered Financial Analyst designation and a Master's degree from Emory University, United States."

(iv) The biographies of Chen Ding and Liangyu Gao under the sub-section headed "The Directors of the Manager" are updated and are deleted in their entirety and replaced by following:-

"***Chen Ding***

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., one of the largest fund management companies in China with assets under management of RMB160 billion (as at 30 June 2013), where she was accountable for international strategic planning, fund product development and relationship management with various distribution channels and industry regulators for the company. She established and managed the first QDII mutual fund – the China Southern International Select Allocation Fund (assets under management RMB10 billion as at 30 June 2012), which she was also a member of the Investment Management Committee, from 2007 to June 2013. She was responsible for setting the 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. She supervised five portfolio managers and two analysts.

Ms. Ding is a Director of Chinese Asset Management Association of Hong Kong Limited, which promotes professional standards of practice in the fund management industry. She is also a Director of the Chinese Securities Association of Hong Kong Company Limited. Ms. Ding was appointed under authority delegated by the Chief Executive and the Financial Secretary, as a member to the Securities and Futures Appeals Tribunal as of 1 April 2013. She was also appointed by the Securities and Futures Commission as a member of the Product Advisory Committee for two years with effect from 1 April 2014.

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. 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 China Chengdu Science and Technology University in the PRC.

Liangyu Gao

Mr. Gao was the Chief Executive Officer of China Southern Asset Management Co. Ltd. until September 2013 where he has overall responsibility for its business. He joined CSOP Asset Management Limited in 2008.

Prior to joining China Southern Asset Management Co. Ltd., Mr. Gao served as Deputy Director of Department of Public Offering Supervision of the CSRC.

Mr. Gao holds a Master's Degree in Economics from the Graduate School of the People's Bank of China in the PRC and is an economist."

The Prospectus may only be distributed if accompanied by this Addendum and all previous addenda.

CSOP Asset Management Limited
南方東英資產管理有限公司

Date: 1 September 2014

Important - If you are in doubt about the contents of this Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This Addendum forms an integral part of and should be read in conjunction with the Prospectus dated 14 February 2014 (as amended by the First Addendum dated 17 February 2014, the Second Addendum dated 6 June 2014 and the Third Addendum dated 20 June 2014) (the "**Prospectus**").

The Manager accepts full responsibility for the accuracy of the information contained in this Addendum and confirm, 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.

CSOP ETF SERIES II

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

CSOP China 5-Year Treasury Bond ETF
Stock Codes: 83199 (RMB counter) and 03199 (HKD counter)

FOURTH ADDENDUM TO PROSPECTUS

Amendments to Prospectus

The following changes to the Prospectus shall apply with effect from 1 July 2014 to reflect the risks associated with Foreign Account Tax Compliance Act.

1. **Section headed "Risk Factors" in the Prospectus**

The following risks disclosures should be inserted immediately after sub-subsection "Taxation Risk" under subsection headed "Regulatory Risks" of the Prospectus:-

"**Risks associated with Foreign Account Tax Compliance Act**. Sections 1471 – 1474 (referred to as "FATCA") of the US Internal Revenue Code of 1986, as amended ("IRS Code") will impose new rules with respect to certain payments to non-United States persons, such as the Trust and the Sub-Funds, 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 ("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 the Sub-Funds (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 2017, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest will be treated as "withholdable payments." It is expected that certain non-U.S. 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 U.S. Treasury Regulations is currently pending.

The Hong Kong government has announced that Hong Kong will enter into an intergovernmental agreement with the US ("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 the Sub-Funds) would be required to enter into the FFI Agreement with the US IRS, register with the US IRS and comply with the terms of FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced payments to them.

As an IGA has been reached in substance between Hong Kong and the US, it is expected that FFIs in Hong Kong (such as the Trust and the Sub-Funds) 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), but may be required to withhold tax on payments made to non-compliant FFIs. However, as of the date of this Addendum, the US and Hong Kong have yet to sign the IGA, and the terms of such IGA may vary from the Model 2 agreement on which the above described expectations are based.

The Trust and each Sub-Fund 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 any Sub-Fund is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Trust or such Sub-Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Trust or that Sub-Fund may be adversely affected and the Trust or such Sub-Fund 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 the relevant Sub-Fund, or a risk of the Trust or the relevant Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Trust and each of such relevant Sub-Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the US IRS; (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; (iii) deeming such Unitholder to have given notice to redeem all his Units in the relevant Sub-Fund; and/or (iv) bringing legal action against such Unitholder for losses suffered by the Trust or the relevant Sub-Fund as a result of such withholding tax. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds. As at the date of this Addendum, all Units in the investment funds are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that Hong Kong Securities Clearing Company Limited has completed registration with the IRS as a "Reporting Financial Institution under a Model 2 IGA".

The Sub-Fund has been registered with the IRS as at the date of this Addendum.

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

2. **<u>Section headed "Statutory And General Information " in the Prospectus</u>**

The following information should be inserted immediately after sub-section "Queries and Complaints":-

"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 Sub-Fund (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 the relevant Sub-Fund 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 relevant Sub-Fund, 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 US 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 the relevant Sub-Fund 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)."

The Prospectus may only be distributed if accompanied by this Addendum and all previous addenda.

CSOP Asset Management Limited
南方東英資產管理有限公司

Date: 30 June 2014

Important - If you are in doubt about the contents of this Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This Addendum forms an integral part of and should be read in conjunction with the Prospectus dated 14 February 2014 (as amended by the First Addendum dated 17 February 2014 and the Second Addendum dated 6 June 2014) (the "**Prospectus**").

The Manager accepts full responsibility for the accuracy of the information contained in this Addendum and confirm, 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.

CSOP ETF SERIES II

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

CSOP China 5-Year Treasury Bond ETF

Stock Codes: 83199 (RMB counter) and 03199 (HKD counter)

THIRD ADDENDUM TO PROSPECTUS

Amendments to Prospectus

The following changes to the Prospectus shall apply with immediate effect to reflect the change in RQFII quota administration policy.

1. **Sub-section headed "What is the RQFII Regime" in the Prospectus**

The fourth paragraph under the sub-section headed "What is the RQFII Regime" under section headed "Description of the Sub-fund" of the Prospectus is deleted in its entirety and replaced with the following:-

"The Sub-Fund will obtain exposure to securities issued within the PRC through the RQFII quotas of the Manager. The Manager has obtained RQFII status in the PRC. The Manager (as RQFII holder) may from time to time make available RQFII quota for the purpose of the Sub-Fund's direct investment into the PRC. Under the SAFE's RQFII quota administration policy, the Manager has the flexibility to allocate its RQFII quota across different open-ended fund products, or, subject to SAFE's approval, to products and/or accounts that are not open-ended funds. The Manager may therefore allocate additional RQFII quota to the Sub-Fund, or allocate RQFII quota which may otherwise be available to the Sub-Fund to other products and/or accounts. The Manager may also apply to SAFE for additional RQFII quota which may be utilised by the Sub-Fund, other clients of the Manager or other products managed by the Manager. However, there is no assurance that the Manager will make available RQFII quota that is sufficient for the Sub-Fund's investment at all times."

2. **Sub-section headed "Investment Risks Relating to the Sub-Fund" in the Prospectus**

The sixth paragraph under the sub-section headed "Investment Risks Relating to the Sub-Fund" under section headed "Risk Factors" of the Prospectus is deleted in its entirety and replaced with the following:-

"Investors should note that there can be no assurance that a RQFII will continue to maintain its RQFII status or to make available its RQFII quota, or the Sub-Fund will be allocated a sufficient portion of RQFII quotas from a RQFII to meet all applications for subscription to the Sub-Fund, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations. The Sub-Fund may not have exclusive use of the entire RQFII quota granted by SAFE to the RQFII (i.e. the Manager), as the RQFII may in its discretion allocate RQFII quota which may otherwise be available to the Sub-Fund to other products. Such restrictions may respectively result in a rejection of applications and a suspension of dealings of the Sub-Fund. In extreme circumstances, the Sub-Fund may incur significant losses due to insufficiency of RQFII quota, limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to RQFII investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades. "

The Prospectus may only be distributed if accompanied by this Addendum and all previous addenda.

CSOP Asset Management Limited

南方東英資產管理有限公司

Date: 20 June 2014

Important - If you are in doubt about the contents of this Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This Addendum forms an integral part of and should be read in conjunction with the Prospectus dated 14 February 2014 (as amended by the First Addendum to prospectus dated 17 February 2014 (the "**Prospectus**").

The Manager accepts full responsibility for the accuracy of the information contained in this Addendum and confirm, 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.

CSOP ETF SERIES II

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

CSOP China 5-Year Treasury Bond ETF

Stock Codes: 83199 (RMB counter) and 03199 (HKD counter)

SECOND ADDENDUM TO PROSPECTUS

Introduction

The Manager of the CSOP China 5-Year Treasury Bond ETF ("**Sub-Fund**"), CSOP Asset Management Limited ("**Manager**") has been granted on behalf of the Sub-Fund, an additional RQFII quota of RMB 2 billion which makes the total RQFII quota available for the Sub-Fund is RMB 4 billion as at 5 June 2014.

Amendments to Prospectus

The following changes to the Prospectus shall apply with effective from 6 June 2014 to reflect the increment in the RQFII quota available for the Sub-Fund and information update:

1. **Sub-section headed "What is the RQFII Regime" in the Prospectus**

    The fourth paragraph under the sub-section headed "What is the RQFII Regime" under section headed "Description of the Sub-fund" of the Prospectus is deleted in its entirety and replaced with the following:-

    "The Manager has obtained RQFII status and has been granted, on behalf of the Sub-Fund, an RQFII quota of RMB 4 billion. To the extent that the Manager has, on behalf of the Sub-Fund, utilised its entire RQFII quota, the Manager may, subject to any applicable regulations, apply for an increase of the RQFII quota and will make an announcement on its website of its application for additional quota and upon receiving additional quota."

2. **<u>Sub-section headed “Constituent Securities of the Index” in the Prospectus</u>**

The first paragraph and the table under the sub-section headed “Constituent Securities of the Index” under the section headed “Description of the Sub-fund” of the Prospectus is deleted in its entirety and replaced with the following:-

“As at 4 June 2014, the following were the 10 largest constituents of the Index, representing approximately 56.26% of the total capitalisation of the Index, were as follows:”

Rank	Maturity Date	Years to maturity	Coupon	% of Index	Credit rating of the bond issuer**	Yield to maturity
1	7 Jun 2019	5.01	3.14%	6.51%	Aa3	3.85%
2	8 Mar 2019	4.76	3.41%	6.47%	Aa3	3.85%
3	17 Oct 2020	6.37	4.07%	6.30%	Aa3	4.04%
4	11 Jul 2020	6.10	3.46%	6.20%	Aa3	4.10%
5	18 Apr 2020	5.87	3.29%	6.08%	Aa3	4.12%
6	6 Sep 2019	5.26	3.25%	5.69%	Aa3	3.86%
7	24 Jan 2020	5.64	3.42%	5.57%	Aa3	4.00%
8	16 Jan 2021	6.62	4.44%	4.75%	Aa3	3.98%
9	16 Jun 2021	7.03	3.99%	4.35%	Aa3	3.94%
10	20 Jan 2021	6.63	3.94%	4.34%	Aa3	3.92%

The Prospectus may only be distributed if accompanied by this Addendum and all previous addenda.

CSOP Asset Management Limited

南方東英資產管理有限公司

Date: 6 June 2014

Important - If you are in doubt about the contents of this Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This Addendum forms an integral part of and should be read in conjunction with the Prospectus of the Fund dated 14 February 2014 (the "**Prospectus**").

The Manager accepts full responsibility for the accuracy of the information contained in this Addendum and confirm, 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.

CSOP ETF SERIES II

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

CSOP China 5-Year Treasury Bond ETF
Stock Codes: 83199 (RMB counter) and 03199 (HKD counter)

FIRST ADDENDUM TO PROSPECTUS

Amendments to Prospectus

1.The first paragraph under the section entitled "PRC withholding taxation risk" on page 76 of the Prospectus is deleted in its entirety and replaced with the following:-

"A Sub-Fund that invests in PRC Securities will do so through the Manager's (which is a public Hong Kong tax resident) RQFII quota. Under the Arrangements 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 "Arrangement"), certain relief is applicable to Hong Kong tax residents. According to the independent professional tax advice, capital gains derived by a Hong Kong tax resident from transfer of debt instrument issued by the PRC government and corporation is eligible for such relief and should not be taxable in China. The aforesaid capital gain tax exemption will only apply if approval is obtained from the PRC tax authorities. Before a Hong Kong tax resident can enjoy relief under the Arrangement, a Hong Kong Tax Resident Certificate ("HKTRC") issued by the Inland Revenue Department ("IRD") should be submitted to the relevant PRC tax authority for this purpose. As at the date of this Addendum, the Sub-Fund has not yet obtained the HKTRC from the IRD. If the PRC tax authorities enforce the collection of Withholding Income Tax ("WIT") on capital gains and require the Sub-Fund to provide a HKTRC in order to obtain the WIT exemption, the Manager will apply for a HKTRC on behalf of the Sub-Fund. In light of the uncertainty on the income tax treatment on capital gains and in order to meet this potential tax liability for capital gains, the Manager reserves the right to provide for WIT on such gains or income and withhold the tax for the account of the Sub-Fund. After careful consideration of the Manager's assessment and having taken and considered independent professional tax advice relating to the Sub-Fund's eligibility to benefit from the Arrangement, and in accordance with such advice, the Manager holds a view that the Sub-Fund is a Hong Kong tax resident for the purpose of the Arrangement and should be able to enjoy the WIT exemption on gross capital gains derived from the disposal of PRC Securities under the Arrangement. In this connection, the Manager, having taken and considered the independent professional tax advice and in accordance with such advice, has determined that no WIT provision will be made on the gross realized and unrealized capital gains derived from the disposal of PRC Securities.

It should be noted that there are uncertainties in relation to the Manager's determination of WIT provision, including

- The Arrangement may be changed in the future and the Sub-Fund may ultimately be required to pay WIT on capital gains.

- As at the date of this Addendum, the Sub-Fund has not yet obtained the HKTRC from the IRD. If the PRC tax authorities enforce the collection of WIT on capital gains and require the Sub-Fund to provide a HKTRC, the Manager will apply for a HKTRC on behalf of the Sub-Fund. Whether the Manager is able to obtain a HKTRC on behalf of the Sub-Fund is subject to prevailing practice of Hong Kong and/or PRC tax authorities. The Sub-Fund may need to apply with the IRD for a HKTRC on an annual basis, which is subject to the assessment of the IRD. There is a risk that the Manager will not be able to obtain a HKTRC on behalf of a Sub-Fund.

- To date, the PRC tax authorities have not sought to enforce WIT collection on capital gains derived by RQFIIs such as the Manager for the Sub-Fund. If the PRC tax authorities start to enforce WIT collection on capital gains, the relief under the Arrangement is still subject to the final approval of the relevant PRC tax authorities and the Manager is not aware of any successful cases for tax treaty capital gain exemption approval for RQFIIs. Even if the Manager, in accordance with the independent professional tax advice, believes that the Sub-Fund should be eligible for such relief, the PRC tax authorities may ultimately hold a different view.

It should be noted that there is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively.

There is no provision made on the gross unrealised and realised capital gains derived from disposal of PRC Securities. In the event that actual tax is collected by the State Administration of Taxation and the Sub-Fund is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value of the Sub-Fund may be adversely affected as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. Please refer to the sub-section of “PRC” under “Taxes” for further information in this regard”.

2.The second and third paragraphs under the section entitled “Capital gains” on page 95of the Prospectus are deleted in its entirety and replaced with the following:-

“A Sub-Fund that invests in PRC Securities will do so through the Manager’s (which is a public Hong Kong tax resident) RQFII quota. Under the Arrangement, certain relief is applicable to Hong Kong tax residents. Having taken and considered independent professional advice relating to the applicability and the interpretation of the Arrangement and in accordance with such advice, the Manager considered that capital gains derived by a Hong Kong tax resident from transfer of debt instrument issued by the PRC government and corporation should not be taxable in China. The aforesaid capital gain tax exemption will only apply if approval is obtained from the PRC tax authorities. Before a Hong Kong tax resident can enjoy relief under the Arrangement, a Hong Kong Tax Resident Certificate (“HKTRC”) issued by the Inland Revenue Department (“IRD”) should be submitted to the relevant PRC tax authority for this purpose. As at the date of this Addendum, the Sub-Fund has not yet obtained the HKTRC from the IRD. If the PRC tax authorities enforce the collection of Withholding Income Tax (“WIT”) on capital gains and require the Sub-Fund to provide a HKTRC in order to obtain the WIT exemption, the Manager will apply for a HKTRC on behalf of the Sub-Fund.

In light of the uncertainty on the income tax treatment on capital gains and in order to meet this potential tax liability for capital gains, the Manager reserves the right to provide for WIT on such gains or income and withhold the tax for the account of the Sub-Fund. After careful consideration of the Manager’s assessment and having taken and considered independent professional tax advice relating to the Sub-Fund's eligibility to benefit from the Arrangement, and in accordance with such advice, the Manager holds a view that Sub-Fund is a Hong Kong tax resident for the purpose of the Arrangement and should be able to enjoy the WIT exemption on gross capital gains derived from the disposal of PRC Securities under the Arrangement. In this connection, the Manager, having taken and considered the independent professional tax advice, and in accordance with such advice, has determined that no WIT provision will be made on the gross realized and unrealized capital gains derived from the disposal of PRC Securities.

It should be noted that there are uncertainties in relation to the Manager's determination of WIT provision, including

- The Arrangement may be changed in the future and the Sub-Fund may ultimately be required to pay WIT on capital gains.

- As at the date of this Addendum, the Sub-Fund has not yet obtained the HKTRC from the IRD. If the PRC tax authorities enforce the collection of WIT on capital gains and require the Sub-Fund to provide a HKTRC, the Manager will apply for a HKTRC on behalf of the Sub-Fund. Whether the Manager is able to obtain a HKTRC on behalf of the Sub-Fund is subject to prevailing practice of Hong Kong and/or PRC tax authorities. The Sub-Fund may need to apply with the IRD for a HKTRC on an annual basis, which is subject to the assessment of the IRD. There is a risk that the Manager will not be able to obtain a HKTRC on behalf of a Sub-Fund.

- To date, the PRC tax authorities have not sought to enforce WIT collection on capital gains derived by RQFIIs such as the Manager for the Sub-Fund. If the PRC tax authorities start to enforce WIT collection on capital gains, the relief under the China-HK Arrangements is still subject to the final approval of the relevant PRC tax authorities and the Manager is not aware of any successful cases for tax treaty capital gain exemption approval for RQFIIs. Even if the Manager, in accordance with the independent professional tax advice, believes that the Sub-Fund should be eligible for such relief, the PRC tax authorities may ultimately hold a different view.

It should be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively.

There is no provision made on the gross unrealised and realised capital gains derived from disposal of PRC Securities. In the event that actual tax is collected by the State Administration of Taxation and the Sub-Fund is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value of the Sub-Fund may be adversely affected, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund.

Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, the Manager will, as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary."

3. The first paragraph under the section entitled "PRC" on page 94 of the Prospectus are deleted in its entirety and replaced with the following:-

"By investing in debt instruments issued by the PRC resident companies and PRC government, irrespective of whether such securities are issued or distributed onshore ('onshore PR securities") or offshore ("offshore PRC securities", and together with onshore PRC securities, the "PRC Securities"), the Sub-Fund may be subject to PRC taxes."

The Prospectus may only be distributed if accompanied by this Addendum.

CSOP Asset Management Limited

Date: 17 February 2014

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 the CSOP China 5-Year Treasury Bond ETF (the "Sub-Fund"). An investment in the Sub-Fund may not be suitable for everyone. 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 ETF Series II

A Hong Kong unit trust authorised under
Section 104 of the Securities and Futures Ordinance
(Chapter 571 of the Laws of Hong Kong)

PROSPECTUS
CSOP China 5-Year Treasury Bond ETF

(RMB Counter Stock Code: 83199)
(HKD Counter Stock Code: 3199)

Manager

CSOP Asset Management Limited

Listing Agent

Oriental Patron Asia Limited

14 February 2014

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited 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 ETF Series II and the Sub-Fund have 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

It is possible that the Sub-Fund may experience greater tracking error than typical exchange traded index funds due to, among other things, liquidity, trading, government policy and regulatory risks and the representative sampling strategy adopted by the Manager.

This Prospectus relates to the offer in Hong Kong of Units in the Sub-Fund, a sub-fund of CSOP ETF Series II (the "Trust"), an umbrella unit trust established under Hong Kong law by a trust deed dated 20 January 2014 between CSOP Asset Management Limited and HSBC Institutional Trust Services (Asia) Limited (the "Trustee").

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 Sub-Fund. 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 and registrar itself under "The Trustee and Registrar".

The Sub-Fund is a fund falling within, Chapter 8.6 and Appendix I of the Code. The Trust and the Sub-Fund are authorised by the SFC in Hong Kong pursuant to Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Sub-Fund or for the correctness of any statements made or opinions expressed in this Prospectus. Authorisation by the SFC is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Applicants for Units should consult their financial adviser, 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 them 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 the Sub-Fund is appropriate for them.

Application has been made to The Stock Exchange of Hong Kong Limited (the "SEHK") for the listing of, and permission to deal in the Units. Subject to compliance with the admission requirements of Hong Kong Securities Clearing Company Limited ("HKSCC") and the granting of listing of, and permission to deal in, the Units on the SEHK, the Units will be accepted as eligible securities by HKSCC for deposit, clearing and settlement in the Central Clearing and Settlement System ("CCASS") with effect from the date of commencement of dealings in the Units on the SEHK or such other date as may be determined by HKSCC. 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 CCASS and CCASS Operational Procedures in effect from time to time.

Further applications may be made to list units in additional sub-funds constituted under the Trust in future on the SEHK.

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, the 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. 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 report and accounts of the Sub-Fund and, if later, its most recent interim report, which form a part of this Prospectus.

In particular:

(a) Units in the Sub-Fund have not been registered under the United States Securities Act of 1933 (as amended) and except in a transaction which does not violate such Act, may not be directly or indirectly offered 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 such Act);

(b) the Sub-Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended; Accordingly, Units may not, except pursuant to an exemption from, or in a transaction not subject to, the regulatory requirements of the US Investment Company Act of 1940 be acquired by a person who is deemed to be a US Person under the 1940 Act and regulations; and

(c) Units may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An ERISA Plan is defined as (i) any retirement plan subject to Title I of the United States Employee Retirement Income Securities Act of 1974, as amended; or, (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended.

Where the Manager becomes aware that the Units are directly or indirectly beneficially owned by any person in breach of the above restrictions, the Manager may give notice to such person requiring him to transfer such Units to a person who would not thereby be in contravention of such restrictions or to request in writing the redemption of such Units in accordance with the trust deed provided that other existing Unitholders may not be negatively impacted.

Investors should note that any amendment, addendum or replacement to this Prospectus will only be posted on the Manager's website (http://www.csopasset.com/rmb-bond-etf). 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 the Prospectus (including the product key facts statement) and they have not been reviewed by the SFC or any regulatory body. Investors should refer to "Information Available on the Internet" for more details.

DIRECTORY

Manager and RQFII Holder
CSOP Asset Management Limited
2801-2803, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Trustee and Registrar
HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road Central
Hong Kong

Custodian
The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

PRC Custodian
HSBC Bank (China) Company Limited
33/F, HSBC Building
Shanghai ifc
8 Century Avenue
Pudong, Shanghai
China 200120

Listing Agent
Oriental Patron Asia Limited
27/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

*Participating Dealers**
ABN AMRO Clearing Hong Kong Limited
70/F, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Goldman Sachs (Asia) Securities Limited
68/F, Cheung Kong Center
2 Queen's Road
Central
Hong Kong

Nomura International (Hong Kong) Limited
30/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

*HKD Counter Market Makers**
KGI Securities (Hong Kong) Limited
41/F Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

*RMB Counter Market Makers**
KGI Securities (Hong Kong) Limited
41/F Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

Legal Adviser to the Manager
Simmons & Simmons
13th Floor, One Pacific Place
88 Queensway
Hong Kong

Service Agent
HK Conversion Agency Services Limited
2/F, Infinitus Plaza
199 Des Voeux Road
Central
Hong Kong

Auditors
PricewaterhouseCoopers
21/F, Edinburg Tower
15 Queen's Road Central
Hong Kong

* *Please refer to the Sub-Fund's website for the latest lists of HKD Counter Market Makers, RMB Counter Market Makers and Participating Dealers.*

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DEFINITIONS

In this Prospectus, 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.

"After Listing" means the period which commences on the Listing Date and continues until the Sub-Fund is terminated.

"Application Unit Size" means such number of Units as specified in the Prospectus as the minimum holding or any number of Units above the minimum holding from time to time determined by the Manager, approved by the Trustee and notified to Participating Dealers.

"Business Day" 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 securities market on which the Index constituents are traded is open for normal trading; or (iii) if there are more than 1 such securities markets, the securities 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 securities 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.

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

"CCDC" means China Central Depositary & Clearing Co., Ltd.

"CNH" means RMB traded offshore in Hong Kong. Although CNH and RMB traded onshore in the PRC ("CNY") are the same currency, they trade at different rates as the applicable PRC regulation has explicitly kept CNY onshore and CNH offshore separate, the respective supply and demand conditions lead to separate market clearing exchange rates.

"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 the 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 1 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 terms of the Trust Deed.

“CSRC” means the China Securities Regulatory Commission.

”Dealing Day” means each Business Day during the continuance of the Sub-Fund, and/or such other day or days as the Manager may from time to time determine with the written approval of the Trustee.

“Dealing Deadline” in relation to any Dealing Day, shall be such time or times as the Manager may from time to time with the written approval of the Trustee determine or any particular place for submission of Application(s) by a Participating Dealer.

“Dual Counter” means the facility by which the Units traded in RMB and traded in HKD are each assigned separate stock codes on the SEHK and are accepted for deposit, clearing and settlement in CCASS in more than 1 eligible currency (RMB or HKD) as described in the Prospectus.

“Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage, 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 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 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 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 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. For the avoidance of doubt, when calculating subscription and redemption prices, duties and charges may include (if applicable) any provision for bid and ask spreads (to take into account the difference between the price at which assets were valued for the purpose of calculating the Net Asset Value and the estimated price at which such assets shall be bought as a result of a subscription or sold as a result of a redemption), but may not include (if applicable) any commission payable to agents on sales and purchases of the Units or any commission, taxes, charges or costs which may have been taken into account in ascertaining the Net Asset Value of Units).

“Government and other Public Securities” means any investment issued by, or the payment of principal and interest on which is guaranteed by, the government of any member state of the Organisation for Economic Co-operation and Development (“OECD”) or any fixed interest investment issued in any OECD country by a public or local authority or nationalised industry of any OECD country or issued anywhere in the world by any other body which is, in the opinion of the Trustee, of similar standing.

“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.

“Index” means the ChinaBond 5-year Treasury Bond Index.

“Index Provider” means China Central Depositary & Clearing Co., Ltd.

“Initial Issue Date” means the date of the first issue of Units, which shall be the Business Day immediately before the Listing Date or such other time as may be agreed between the Manager and the Trustee.

“Initial Offer Period” means the period from 9:00 a.m. (Hong Kong time) on 17 February 2014 until 11:00 a.m. (Hong Kong time) on 17 February 2014 or may be postponed to such times and dates as stated in the timetable under the section “Offering Phases” of the Prospectus.

“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 1 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 the price at which Units may be issued, determined in accordance with the Trust Deed.

“Listing Date” means the date, expected to be 19 February 2014, on which the Units are first listed and from which dealings therein are permitted to take place on SEHK.

“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 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 with the approval of 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 the Sub-Fund or, as the context may require, the net asset value of a Unit calculated pursuant to the Trust Deed.

“Operating Guidelines” means the guidelines for the creation and redemption of Units as set out in the schedule to the 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 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 relevant class applicable at the time of the relevant Application.

“Participating Dealer” means any participant of CCASS who has entered into a Participation Agreement.

“Participation Agreement” means an agreement entered into between the Trustee, the Manager and a Participating Dealer setting out (amongst other things) the arrangements in respect of the issue of Units and the redemption and cancellation of Units.

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

“PRC” means The People’s Republic of China excluding Hong Kong and the Macau Special Administrative Region.

“PRC Custody Agreement” means the custodian agreement entered into between the Trustee, the Manager, the Custodian and the PRC Custodian, as amended from time to time.

“PRC Participation Agreement” means the participation agreement entered into between the Trustee, the Manager, the Custodian and the PRC Custodian, as amended from time to time.

“PRC Treasury Bonds” means the RMB denominated and settled bonds issued by the Ministry of Finance of the PRC and distributed within the PRC.

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

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

“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 terms of 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 HSBC Institutional Trust Services (Asia) Limited or such other person or persons for the time being duly appointed registrar of the Sub-Fund in succession thereto under the provisions of the Trust Deed.

“RMB” means Renminbi or Renminbi Yuan, the lawful currency of the PRC.

“RQFII” means a Renminbi qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time).

“RQFII Regulations” is as defined on page 11 of this Prospectus.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“SAT” means the State Administration of Taxation of the PRC.

“Security” means any share, stock, debenture, loan stock, bond, security, future (including a futures contract), forward, derivative commercial paper, acceptance, trade bill, treasury bill, instrument or note 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;

(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.

“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 Sub-Fund.

“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 agrees with the Manager and the Trustee to provide its services entered amongst the Trustee, the Manager, the Registrar, the Participating Dealer, the Service Agent and Hong Kong Securities Clearing Company Limited.

“Settlement Day” means the Business Day which is the Business Day immediately 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.

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

“SFO” means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

“Sub-Fund” means CSOP China 5-Year Treasury Bond ETF, a sub-fund of the Trust.

“Trust” means the umbrella unit trust constituted by the Trust Deed and called CSOP ETF 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 20 January 2014 between the Manager and the Trustee constituting the Trust (as amended from time to time).

“Trust Fund” means all the property held by the Trust, including all Deposited Property and Income Property (both as defined in the Trust Deed), except for amounts to be distributed, in each case in accordance with the terms and provisions of the Trust Deed.

“Trustee” means HSBC Institutional Trust Services (Asia) Limited or such other person or persons for the time being duly appointed trustee or trustees hereof in succession thereto under the provisions of the Trust Deed.

“Unit” means 1 undivided share in the Sub-Fund.

“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.

“Urban Investment Bonds” (城投債) means debt instruments issued by local government financing vehicles (“LGFVs”) in the PRC listed bond markets and inter-bank bond market. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investments or infrastructure projects.

”Valuation Point” means, in respect of the Sub-Fund, the official close of trading on the Market on which the Securities constituting the Index are listed on each Dealing Day and if more than 1, 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.

DESCRIPTION OF THE SUB-FUND

The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in the Sub-Fund. It contains important facts about the Trust as a whole and the Sub-Fund.

The Trust and the Sub-Fund

The Trust is an umbrella unit trust created by a trust deed (the "Trust Deed") dated 20 January 2014 made under Hong Kong law between CSOP Asset Management Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust may issue different classes of Units and the Trustee shall establish a separate pool of assets within the Trust (each such separate pool of assets a sub-fund) for each class of Units. The assets of a sub-fund will be invested and administered separately from the other assets of the Trust. The Manager reserves the right to establish other sub-funds and to issue further classes of Units in the future.

This Prospectus relates to 1 of the sub-funds, the Sub-Fund, which is an exchange traded fund (an "ETF") authorised by the SFC.

ETFs are funds that are designed to track an index. The Units of the Sub-Fund are listed on the SEHK and trade like any other equity security listed on the SEHK. Only Participating Dealers may purchase or redeem Units directly from the Sub-Fund at Net Asset Value. All other investors may only buy and sell Units in the Sub-Fund on the SEHK.

PRICES FOR THE SUB-FUND ON THE SEHK ARE BASED ON SECONDARY MARKET TRADING FACTORS AND MAY DEVIATE SIGNIFICANTLY FROM THE NET ASSET VALUE OF THE SUB-FUND.

Key Information

The following table is a summary of key information in respect of the Sub-Fund, and should be read in conjunction with the full text of the Prospectus.

Index	Index: ChinaBond 5-year Treasury Bond Index Launch Date: 25 January 2013 Number of constituents: 48 (17 January 2014) Total Market Capitalisation: RMB1,298.8 billion (17 January 2014) Base Currency: RMB Index Provider: China Central Depositary & Clearing Co., Ltd Index Type: Total return index
Listing Date (SEHK)	19 February 2014
Exchange Listing	SEHK – Main Board
Stock Code	83199 – RMB counter 3199 – HKD counter
Stock Short Names	CSOP 5Y CGBOND–R – RMB counter CSOP 5Y CGBOND – HKD counter

Trading Board Lot Size	100 Units – RMB counter 100 Units – HKD counter
Base Currency	Renminbi (RMB)
Trading Currencies	Renminbi (RMB) – RMB counter HKD (HKD) – HKD counter
Distribution Policy	Quarterly at the discretion of the Manager. The Manager currently intends to distribute in January, April, July and October of each year. There is no guarantee of regular distribution and, if distribution is made, the amount being distributed. The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from capital gains attributed to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit. **All Units (whether RMB or HKD traded Units) will receive distributions in RMB only.**[#]
Creation/Redemption Policy	Cash (RMB only)
Application Unit Size (only Participating Dealers)	Minimum 1,000,000 Units or such other number of Units as the Manager may determine and approved by the Trustee

[#] Both HKD traded Units and RMB traded Units will receive distributions in RMB only. 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 into HKD or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and to consider the risk factor "RMB Distributions Risk."

Management Fee	0.49% p.a. of Net Asset Value calculated daily (estimated Total Expense Ratio 0.49% p.a.*)
Investment Strategy	Representative sampling strategy (refer to the "Investment Strategy" section below)
Financial Year End	31 December
Market Makers (HKD Counter)**	As at the date of this Prospectus, KGI Securities (Hong Kong) Limited
Market Makers (RMB Counter)**	As at the date of this Prospectus, KGI Securities (Hong Kong) Limited
Participating Dealers	As at the date of this Prospectus, ABN AMRO Clearing Hong Kong Limited, Goldman Sachs (Asia) Securities Limited, Nomura International (Hong Kong) Limited. For an updated list, please refer to http://www.csopasset.com/rmb-bond-etf
Website	http://www.csopasset.com/rmb-bond-etf

* Estimated Total Expense Ratio does not represent the estimated tracking error and does not include extraordinary costs such as litigation expenses that may be borne by the Sub-Fund. Such costs may have an adverse impact on the Net Asset Value and performance of the Index and may result in tracking error.

** For an updated list, please refer to http://www.hkex.com.hk/eng/etfrc/SMMList/SMM_List.htm

Investment Objective

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index.

There can be no assurance that the Sub-Fund will achieve its investment objective.

The Index of the Sub-Fund may be changed by prior approval of the SFC and notice to Unitholders.

Investment Strategy

The Sub-Fund adopts a representative sampling strategy to achieve its investment objective.

A representative sampling strategy involves investing in a representative sample of Securities that collectively has an investment profile that reflects the profile of the Index.

It is intended that the Sub-Fund will invest not less than 80% of its Net Asset Value in the PRC Treasury Bonds included in the Index which have a term to maturity of over 4 years and less than 7 years, through the RQFII investment quota granted to the Manager by the SAFE (as explained in the section on "What is the RQFII regime?" below). As the Index comprises only PRC Treasury Bonds, there is no credit rating requirement for inclusion in the Index. The credit rating of the PRC government as the issuer of PRC Treasury Bonds is AA– by Standard & Poor's and Aa3 by Moody's.

However the Sub-Fund may also invest not more than 20% of its Net Asset Value in debt Securities that are not included in the Index which have a term to maturity of less than 10 years, provided that the sample closely reflects the overall characteristics of the Index which the Manager believes will help the Sub-Fund achieve its investment objective. These non-Index Securities include (a) PRC Treasury Bonds that are not included in the Index; (b) bonds that are issued by PBOC; and (c) bonds issued by China Development Bank, Export-Import Bank of China and Agricultural Development Bank of China, all of which have the same credit rating as the PRC Sovereign (AA– by Standard & Poor's and Aa3 by Moody's). These investments will be onshore investments in the PRC.

The Sub-Fund currently intends to invest in bonds via the inter-bank bond market. The trades on the inter-bond market will be settled through CCDC without any PRC broker's involvement. Such trades are on delivery versus payment basis i.e. the Sub-Fund will only pay the counterparty upon receipt of the securities.

The Sub-Fund's portfolio will be rebalanced quarterly or upon each creation or redemption.

Although both the name of the Index and the Sub-Fund refer to "5-Year", 5-year is only the average maturity of the bonds comprising in the Index. The Index comprises bonds with term to maturity ranging from 4 years to less than 7 years and the Sub-Fund may invest in bonds with term to maturity of less than 10 years.

The Manager will consider the liquidity, maturity date and years to maturity of the bonds when adopting the representative sampling strategy. The Manager believes that a representative sampling strategy is more appropriate in view of the comparative illiquidity of certain Securities in the Index which may be experienced with certain Securities comprised in the Index.

The Manager will adopt a pure fixed income strategy. The Sub-Fund will not seek to have any exposure to equity or convertible securities.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions set out in Schedule 1. In particular, Chapters 7.4 and 7.5 of the Code applies to the Sub-Fund such that:

(a) Not more than 30% of the Net Asset Value of the Sub-Fund may be invested in Government and other Public Securities of the same issue; and

(b) Subject to Chapter 7.4 of the Code, the Sub-Fund may invest all of its assets in Government and other Public Securities in at least 6 different issues.

There is no current intention for the Sub-Fund to:

(a) invest in any financial derivative instruments for hedging or non-hedging (i.e. investment) purposes;

(b) invest in non-investment grade securities, unrated bonds or Urban Investment Bonds (城投債);

(c) invest in structured products or instruments, structured deposits, asset backed securities, asset backed commercial papers and mortgage back securities; or

(d) engage in securities lending, repurchase transactions or other similar over-the-counter transactions, but this may change in light of market circumstances and where the Sub-Fund does engage in these types of transactions, prior approval shall be obtained from the SFC and no less than 1 month's prior notice will be given to the Unitholders.

For the purpose of this section, "investment grade" is defined as a credit rating of BBB– or above as rated by local rating agencies, and "unrated bond" is defined as a bond which neither the bond itself nor its issuer has a credit rating. The Manager will first consider the credit rating of the bond itself and only if it is not available, the Manager will then consider the credit rating of the issuer of the bond, which will become the implied rating of the bond.

What is the RQFII Regime?

Under current regulations in the PRC, foreign investors can invest only in the domestic securities market through certain foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota by the SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC's domestic securities markets.

The RQFII regime was introduced on 16 December 2011 by the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors which are Asset Management Companies or Securities Companies"（基金管理公司、證券公司人民幣合格境外機構投資者境內證券投資試點辦法）issued by the CSRC, the PBOC and the SAFE, which was repealed effective 1 March 2013.

The RQFII regime is currently governed by (i) the "Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and the SAFE and effective from 1 March 2013（人民幣合格境外機構投資者境內證券投資試點辦法）; (ii) the "Implementation Rules for the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors" issued by the CSRC and effective from 6 March 2013（關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》的規定）; (iii) the "Circular on Issues Related to the Pilot Scheme for Domestic Securities Investment through Renminbi Qualified Foreign Institutional Investors", Huifa 2013 No. 42（國家外匯管理局關於人民幣合格境外機構投資者境內證券投資試點有關問題的通知，匯發[2013]42號）issued by SAFE and effective from 21 March 2013; (iv) the "Notice of the People's Bank of China on the Relevant Matters concerning the Implementation of the Pilot Measures for Domestic Securities Investment Made by the RMB Qualified Foreign Institutional Investors", issued by the PBOC and effective from 2 May 2013（中國人民銀行關於實施《人民幣合格境外機構投資者境內證券投資試點辦法》有關事項的通知）; and (v) any other applicable regulations promulgated by the relevant authorities (collectively, the "RQFII Regulations").

The Manager has obtained RQFII status and has been granted, on behalf of the Sub-Fund, an RQFII quota of RMB2 billion. To the extent that the Manager has, on behalf of the Sub-Fund, utilised its entire RQFII quota, the Manager may, subject to any applicable regulations, apply for an increase of the RQFII quota and will make an announcement on its website of its application for additional quota and upon receiving additional quota.

All of the Sub-Fund's assets in the PRC acquired through or in connection with the RQFII quota of the Manager (including onshore PRC cash deposits, its onshore PRC Treasury Bonds portfolio and other PRC onshore investments) will be held by the PRC Custodian in accordance with the terms of the PRC Custody Agreement and PRC Participation Agreement. A securities account has been opened with CCDC in the joint names of the Manager (as the RQFII holder) and the Sub-Fund. An RMB special deposit account has also been established and maintained with the PRC Custodian in the joint names of the Manager (as the RQFII holder) and the Sub-Fund. The PRC Custodian shall, in turn, have a cash clearing account with CCDC for trade settlement according to applicable regulations.

The Manager has obtained a legal opinion confirming that, as a matter of PRC law:

(a) securities account(s) with CCDC and maintained by the PRC Custodian and RMB special deposit account(s) with the PRC Custodian (respectively, the "Securities Account(s)" and the "Cash Account(s)") have been opened in the joint names of the Manager (as RQFII holder) and the Sub-Fund and for the sole benefit and use of the Sub-Fund in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the Securities Account(s) (i) belong solely to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Manager (as RQFII holder), the Custodian or the PRC Custodian, and from the assets of other clients of the Manager (as RQFII holder), the Custodian and the PRC Custodian;

(c) the assets held/credited in the Cash Account(s) (i) become an unsecured debt owing from the PRC Custodian to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Manager (as RQFII holder), and from the assets of other clients of the Manager (as RQFII holder);

(d) the Trustee, for and on behalf of the Sub-Fund, is the only entity which has a valid claim of ownership over the assets in the Securities Account(s) and the debt in the amount deposited in the Cash Account(s) of the Sub-Fund;

(e) if the Manager is liquidated, the assets contained in the Securities Account(s) and Cash Account(s) of the Sub-Fund will not form part of the liquidation assets of the Manager in liquidation in the PRC; and

(f) if the PRC Custodian is liquidated, (i) the assets contained in the Securities Account(s) of the Sub-Fund will not form part of the liquidation assets of the PRC Custodian in liquidation in the PRC, and (ii) the assets contained in the Cash Account(s) of the Sub-Fund will form part of the liquidation assets of the PRC Custodian in liquidation in the PRC and the Sub-Fund will become an unsecured creditor for the amount deposited in the Cash Account(s).

Repatriations in RMB conducted by the Manager as RQFII on behalf of the Sub-Fund are permitted daily and are not subject to any lock-up periods or prior approval.

There are specific risks associated with the RQFII regime and investors' attention is drawn to the risk factors under "Risks related to the RQFII regime" in the section on "Risk Factors" below.

The Offshore RMB Market

What Led to RMB Internationalisation?

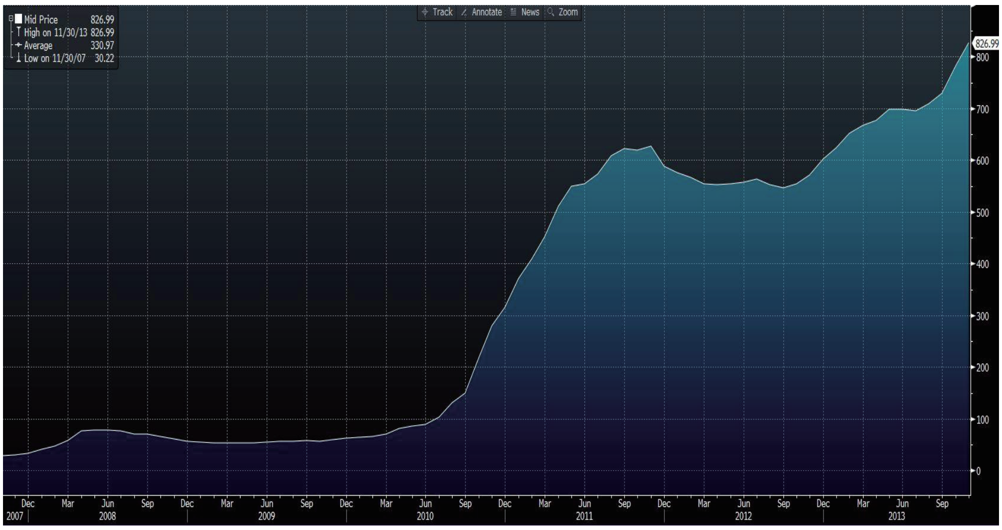
RMB is the lawful currency of the PRC. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the PRC government. Since July 2005, the PRC government began to implement a controlled floating exchange rate system based 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's economy grew rapidly at an average annual rate of 9.8% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. The International Monetary Fund has projected that the PRC will contribute to more than one-third of global growth by 2015. As the PRC'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.

Accelerating the Pace of RMB Internationalisation

The PRC 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 financial institutions to issue RMB bonds in Hong Kong. As of the end of November 2013, there are more than 140 banks in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB826.99 billion, as compared to just RMB63 billion in 2009.

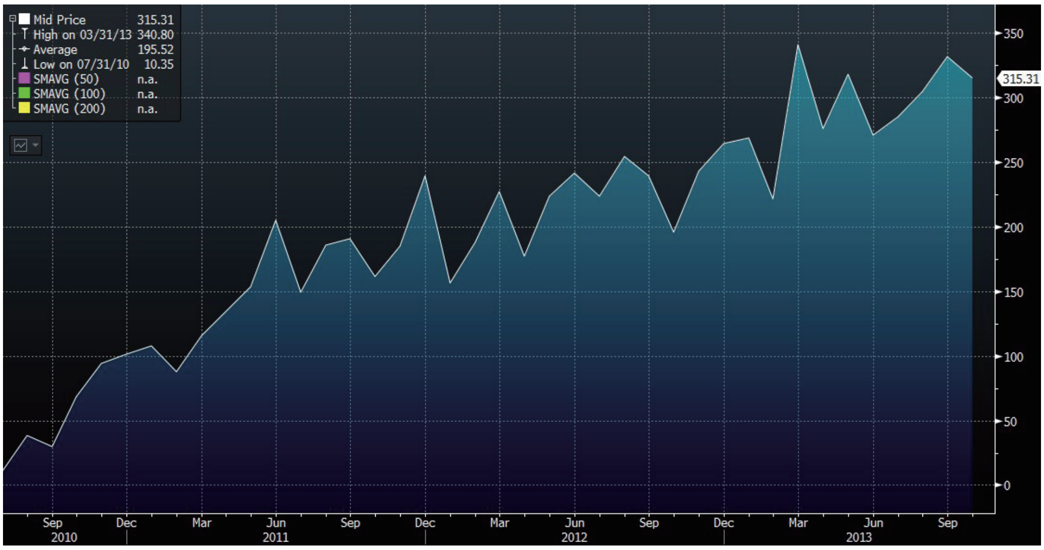
Chart 1. RMB deposits in Hong Kong



Data source: Bloomberg as of 30 November 2013

The pace of RMB internationalisation has accelerated since 2009 when the PRC 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 June 2010, the arrangement was expanded to 20 provinces/municipalities on the PRC and to all countries/regions overseas.In the first 10 months of 2013, nearly RMB2932 billion worth of cross-border trade was settled in Hong Kong using RMB.

Chart 2. Remittances for RMB cross-border trade settlement



Data source: Bloomberg as of 20 December 2013

Onshore versus Offshore RMB Market

Following a series of policies introduced by the PRC authorities, an RMB market outside the PRC has gradually developed and started to expand rapidly since 2009. RMB traded outside the PRC 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 2 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 2 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 2 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 2 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 authorities announced the partial opening up of the PRC'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 Vice-Premier Li Keqiang has announced more new initiatives during his visit, such as allowing investments on the PRC equity market through the RQFII scheme and the launch of an ETF with Hong Kong stocks as the underlying constituents in the PRC. Also the PRC government has given approval for the first non-financial PRC firm to issue RMB-denominated bonds in Hong Kong.

RMB Internationalisation is a Long-term Goal

Given the PRC'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 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.

Overview of PRC Bond Market

The PRC's domestic bond market primarily consists of two markets: the inter-bank bond market and the exchange-traded bond market. Despite some interconnections amongst them, these markets are differentiated by investor segmentation, product segmentation and regulatory separation.

Currently, the inter-bank bond market is much larger in terms of trading volume and is relatively more liquid than the exchange-traded bond market. With its dominant market position, the inter-bank bond market accounts for more than 95% of the total bonds outstanding and 99% of the trading volume as of 30 November 2013.

Some key information on the two markets is set out below.

Key Information on these markets

	Inter-bank bond market	**Exchange-traded bond market**
Market size	Approximately RMB26.8 trillion, as at 30 November 2013 (source: CCDC and Shanghai Clearing House)	Approximately RMB0.8 trillion, as at 30 November 2013 (source: CCDC and Shanghai Clearing House)
Major types of products traded	PRC Treasury Bonds, bonds issued by PBOC, policy bank bonds, financial bonds, enterprise bonds, commercial papers, medium term notes, local government bonds and asset-backed securities	Treasury bonds, local government bonds, enterprise bonds, corporate bonds and convertible bonds
Key market participants	Commercial banks, insurance companies, mutual funds, security companies, foreign investors with RQFII status	Commercial banks, insurance companies, mutual funds, security companies, foreign investors with QFII or RQFII status, corporations and individual investors
Trading hours	9:00 a.m. to 12:00 p.m. and 1:30 p.m. to 4:30 p.m. (Hong Kong time)	9:00 a.m. to 11:00 a.m. and 1:00 p.m. to 3:00 p.m. (Hong Kong time)
Trading and settlement mechanism	Trading mechanism: a quote-driven over-the-counter market between institutional investors Settlement mechanism: primarily delivery versus payment ("DVP"), on either a T+0 or T+1 settlement cycle	Trading an electronic automatic matching system where securities are traded on the Shanghai Stock Exchange or Shenzhen Stock Exchange Settlement mechanism: clearing and settlement are through the China Securities Depository and Clearing Co., Ltd（中國證券登記結算有限責任公司）(the "CSDCC") on T+1 settlement cycle
Regulator	PBOC	CSRC
Counterparty with whom investors will trade	The trading counterparty (i.e. the other market participants)	CSDCC, which acts as the central counterparty to all securities transactions on the Shanghai and Shenzhen stock exchanges

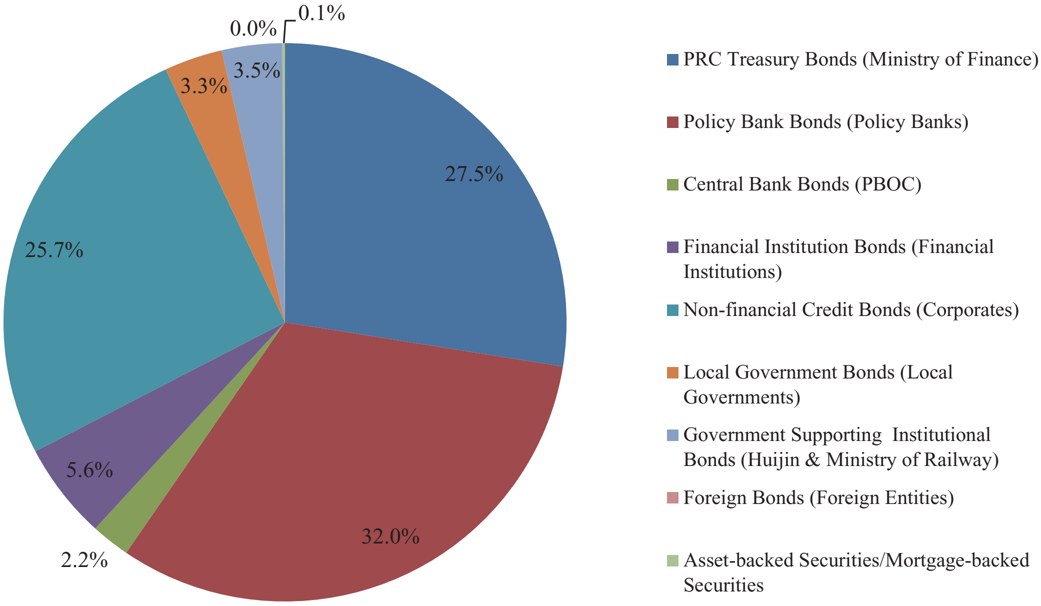
	Inter-bank bond market	Exchange-traded bond market
Central clearing	CCDC（中央國債登記結算公司）, Shanghai Clearing House（上海清算所）	CSDCC
Liquidity	Total trading volume in the 12 months to 31 December 2012 was approximately RMB70.8 trillion (source: CCDC)	Total trading volume in the 12 months to 31 December 2012 was approximately RMB0.6 trillion (source: CCDC)
Associated risks	Interest rate risk, credit risk, counterparty risk	Interest rate risk, credit risk, liquidity risk
Minimum rating requirements	No requirement However, market participants typically require a rating of at least BBB given by a local credit rating agency.	No requirement However, if upon listing a corporate bond or enterprise bond does not have a credit rating of at least "AA" given by a local credit rating agency, then such bond can only be traded on the fixed income electronic platform of the relevant exchange（固定收益證券綜合電子平臺）, which is open only to institutional investors. Bonds that do not satisfy this minimum requirement cannot be traded via the quote-driven platform（競價交易系統）, which is open to all investors, including retail investors.

	Inter-bank bond market	Exchange-traded bond market
Types of debt instruments commonly seen and the issuers	PRC Treasury Bonds: issued by Ministry of Finance of the PRC Bonds issued by PBOC Policy bank bonds: issued by PRC policy banks (China Development Bank, Agricultural Development Bank of China and Export-Import Bank of China) Financial bonds: issued by commercial banks and other financial institutions Non-financial credit bonds: issued by state-owned or state-held entities and corporates Local government bonds: issued by local provinces or cities Foreign bonds: issued by foreign entities	Treasury bonds: issued by Ministry of Finance Local government bonds: issued by local provinces or cities Enterprise bonds: issued by government-related, state-owned or state-held entities Corporate bonds: issued by listed companies Convertible bonds: issued by listed companies

As at the end of July 2013, the inter-bank bond market had a diversified investor base with over 10,000 members, approximately 5,000 of which have direct access to the centralised trading system, which covers all types of financial institutions such as commercial banks, securities firms, fund houses, insurance companies and various kinds of investment products like mutual funds and pension funds. The remaining approximately 5,000 members, which include small financial institutions and non-financial enterprises, gain access to the market through settlement agencies.

The major types of bonds available in the PRC inter-bank bond market can be grouped into six broad categories: (i) PRC Treasury Bonds issued by Ministry of Finance of the PRC; (ii) bonds issued by the PBOC; (iii) Policy bank bonds issued by policy banks, including China Development Bank, Export-Import Bank of China and Agricultural Development Bank of China; (iv) Financial bonds, including commercial bank bonds and non-bank financial institution bonds; (v) Non-financial credit bonds issued by non-financial institution corporates, including enterprise bonds, commercial papers ("CP"), and medium-term notes ("MTN"); (vi) other types of bonds such as local government bonds issued by provincial or city government, government supporting institutional bonds issued by Central Huijin Investment Limited, China Railway Corporation and Ministry of Railway, foreign bonds issued by foreign entities, asset-backed securities and mortgage-backed securities, etc.

The below graph illustrates the breakdown of various types of instruments in the inter-bank bond market (sources: CCDC and Shanghai Clearing House as of 30 November 2013):



The yields of major debt instruments in the inter-bank bond market are as follows (the below yields are general averages for reference only as at 20 December 2013) (source: CCDC):

Years to Maturity	PRC Treasury Bonds	Bonds issued by PBOC	China Development Bank Bonds
1	4.11%	4.21%	5.54%
2	4.41%	4.57%	5.73%
3	4.42%	4.59%	5.75%
5	4.48%	–	5.77%
7	4.60%	–	5.78%
10	4.60%	–	5.76%
15	4.84%	–	5.94%
20	5.06%	–	6.15%
30	5.14%	–	6.22%

Years to Maturity	Corporate Bonds		
	AAA[1]	AA+[1]	AA[1]
1	6.26%	6.87%	7.17%
2	6.23%	6.89%	7.29%
3	6.23%	6.88%	7.36%
5	6.24%	6.94%	7.51%
7	6.25%	6.95%	7.52%
10	6.31%	7.02%	7.60%
15	6.50%	7.22%	7.78%
20	6.69%	7.41%	7.94%
30	6.81%	7.53%	8.06%

Investors should note that the yields as set out in the above tables are not indicative of the expected return of the Sub-Fund. There is no assurance that the Sub-Fund's return will correlate with the expected yield of its underlying investment or the yield of the Index.

Overview of PRC Treasury Bond

PRC Treasury Bond is debt instrument issued by Ministry of Finance of the PRC. The outstanding amount of PRC Treasury Bonds in the inter-bank bond market is over RMB7,400 billion, comprising approximately 30% of the inter-bank bond market as at 30 November 2013. It has a wide range of tenors and is one of the most liquid types of bonds in the secondary market. From December 2012 to November 2013, the daily average trading volume of PRC Treasury Bonds is approximately RMB24 billion and the daily average number of trades is about 164. With the approval of the National People's Congress, PRC Treasury Bonds are backed by the PRC sovereign's credit. No credit rating is given for onshore PRC Treasury Bonds since these bonds have the same credit rating of the PRC sovereign, which is AA– by Standard & Poor's and Aa3 by Moody's.

There are three types of PRC Treasury Bonds: Book-entry Treasury Bonds（記賬式國債）, Electronic Savings Treasury Bonds（電子式儲蓄國債）and Certificated Treasury Bonds（憑證式國債）. Some key information on these types of PRC Treasury Bonds is set out below.

[1] The sources of credit rating include Dagong Global, China Cheng Xin International, China Lianhe and Shanghai Brilliance Credit Rating. Investors may obtain more information on rating methodologies from the websites of the above PRC local credit agencies. Investors should, however, exercise caution when referring to PRC local credit ratings of bonds, as the local credit ratings industry in the PRC is still in an early development stage. Due to the lack of historical data and slow response to credit events, the rating methodologies used by PRC local credit agencies, whilst they may in general be similar to those adopted by international credit rating agencies, may be driven by domestic factors rather than more quantitative methods.

	Book-entry Treasury Bonds	Electronic Savings Treasury Bonds	Certificated Treasury Bonds
Market capitalisation	Approximately RMB7.7 trillion, as at 30 November 2013 (source: CCDC)	Approximately RMB0.5 trillion, as at 30 November 2013 (source: CCDC)	Approximately RMB0.4 trillion, as at 30 November 2013 (source: the Manager)
Bonds issuer	Ministry of Finance, PRC	Ministry of Finance, PRC	Ministry of Finance, PRC
Key market participants	Institutional investors	Retail investors	Retail investors
Major tenors	From 3 months to 50 years	3 years and 5 years	3 years and 5 years
Trading platform	Inter-bank market, exchange market	Retail bank counters	Retail bank counters
Liquidity	Good	Moderate	Moderate
Custodian	CCDC, CSDCC	CCDC	Retail banks

As illustrated in the above table, the target investors of Electronic Savings Treasury Bonds and Certificated Treasury Bonds, both of which can be purchased at retail bank counters are retail investors, whereas Book-entry Treasury Bonds are targeted at institutional market participants, including the Sub-Fund.

Book-entry Treasury Bonds are offered in the primary market by using the PBOC tender system where authorised participants including commercial banks, securities houses and insurance companies can participate and acquire an allocation. Regarding the secondary market, security houses can transfer some of their primary market inventory to stock exchanges for secondary market trading. However, the majority of the secondary liquidity is offered by the inter-bank bond market where different participants transact on an over-the-counter basis. Buyers and sellers can transact directly with agreed price and volume.

Market makers facilitate the secondary market trading by actively quoting bid and offer prices of bonds and acting as counterparties to market participants, while brokers perform the same role by actively providing bonds quotations to proactively match those from potential buyers and sellers.

Trades can also be done without brokers. Investors can approach potential counterparties through their traders and do trades directly with their counterparties.

Tracking Error

An index is a theoretical financial calculation based on the performance of particular components that make up the index, whereas the Sub-Fund is an actual investment portfolio. The performance of the Sub-Fund and its Index may be different due to transaction costs, asset valuations, corporate actions (such as mergers and spin-offs), timing variances and differences between the Sub-Fund's portfolio and the Index. These differences may result for example from legal restrictions affecting the ability of the Sub-Fund to purchase or dispose of Securities or the employment of a representative sampling strategy.

The use of a representative sampling strategy can be expected to result in greater tracking error than a full replication strategy. The consequences of tracking error are described in more detail in "Tracking Error Risk".

Investment and Borrowing Restrictions

The Sub-Fund must comply with the investment and borrowing restrictions as summarised in Schedule 1 of this Prospectus (which includes a summary of the investment restrictions set out in the Trust Deed).

Index Licence Agreement

The Manager has entered into a licence agreement with China Central Depository & Clearing Co., Ltd (the "Index Provider"). The term of the licence agreement commenced on 15 July 2013 and should remain in full force and effect for 3 years. The licence agreement should renew automatically for 1 year terms, subject to the terms of the licence agreement.

Investors' attention is drawn to "Risks Associated with the Index".

Index

The ChinaBond 5-year Treasury Bond Index (the "Index")

The Index comprises fixed-rate interest bearing PRC Treasury Bonds that has a term to maturity of over 4 years and less than 7 years. The Index was launched on 25 January 2013 with a base level of 100 on 31 December 2007. As at 17 January 2014, the Index had a total capitalisation of RMB 1,298.8 billion and 48 constituents. The Index is a total return index.

Selection criteria

The PRC Treasury Bonds must meet the following selection criteria to be included in the Index:

(a) Type of bonds[2]: Book-entry PRC Treasury Bonds.

(b) Traded market: traded on the inter-bank bond market, the Shanghai Stock Exchange and/or the Shenzhen Stock Exchange.

(c) Term to maturity: Over 4 years and less than 7 years.

(d) Denomination: RMB.

(e) Interest bearing pattern: Fixed-rate.

[2] There are three types of PRC Treasury Bonds. Please refer to the "Overview of PRC Bond Market" section for further information.

(f) Selection based on liquidity: Top 80% of the constituent bonds ranked by the absolute liquidity factor*.

* Absolute liquidity factor is a liquidity benchmark that is calculated by the Index Provider from the bid and ask price, traded price, settlement price and other statistics in the recent month.

Index Provider

The Index is compiled and published by the Index Provider.

In order to build up a safe, efficient and low-cost bond market, the PBOC and the Ministry of Finance of the PRC jointly proposed to establish the Index Provider. With the approval of the State Council of the PRC, the Index Provider was set up to undertake the function of centralised depository and settlement for the inter-bank bond market. The Index Provider is a nationwide non-bank financial institution and was registered with the PRC State Administration for Industry & Commerce in December 1996.

The Index Provider has been established for more than 10 years and has been using ChinaBond as its product brand name and the ChinaBond portal (http://www.chinabond.com.cn) as its official website. The Index Provider's English website (www.chinabond.com.cn/Site/cb/en) was introduced in 2007.

The Index Provider introduced the ChinaBond indices in 2007. Since the PBOC, the CSRC, the China Banking Regulatory Commission ("CBRC") and the China Insurance Regulatory Commission ("CIRC") have endorsed the Index Provider's valuation and calculation model in the domestic bond market, ChinaBond indices were soon extensively adopted by market participants for investment analysis, performance measurement and asset allocation. Many domestic leading asset managers work with the Index Provider to benchmark their investment performance for fixed income mutual funds. As at November 2013, the ChinaBond Index family has a total number of 44 indices and some of these indices were among the first to serve as underlying for domestic index tracking funds.

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

Index Construction

The Index is constructed by RMB-denominated bonds which meet the above mentioned index selection criteria. The weighting of the constituents in the Index is based on each constituent's relative market capitalisation to the total market capitalisation of the Index.

Index criteria are reviewed on a periodic basis.

Pricing of Bonds

Bonds in general are traded over-the-counter and therefore there is no single market price. The Index Provider computes and publishes the price of all PRC bonds daily and such prices are endorsed by the PBOC as the only valuation pricing source for all market participants. In particular, for all the domestic fixed income mutual funds, including tracker funds and ETFs, prices published by the Index Provider are the only valuation pricing source endorsed by the CSRC.

Following the same principle, the Index will adopt the prices published by the Index Provider as the only pricing source.

Treatment of Defaulted Bonds

In the event a bond included in the Index defaults or is expected to be defaulted, such bonds will be removed from the Index during the quarterly adjustment. During the time the defaulted bond remains in the Index, the price published by the Index Provider will be adopted as the price of such default bond which is consistent with the pricing policy as described above.

Index Return Computation and Settlement

For daily calculations, the Index settles on a same-day basis except on the last Business Day of the month, when settlement is the last calendar day. Monthly holding periods, therefore, are exactly one calendar month. For example, the January return period would run from the close on 31 December to the close on 31 January, regardless of the last Business Day.

Total returns are computed on the assumption that each Security is purchased at the beginning of the period and sold at the end of the period. An issue's total rate of return is the percentage change in its total value over the measurement period.

The components of total return are price change, principal payments, coupon payments, accrued interest, and reinvestment income on intra-month cash flows. The total returns are market-capitalisation weighted using the Security's beginning-of-period market value.

The following shows the total rate-of-return calculation methodology.

Beginning of Period Value	=	(Beginning Price + Beginning Accrued) x Beginning Par Amount Outstanding
End-of-Period Value	=	(Ending Price + Ending Accrued) x (Beginning Par Amount Outstanding – Principal Payments) + Coupon Payments + Principal Payments + Reinvestment Income
Total Rate of Return (%)	=	(End-of-Period Value/Beginning-of-Period Value) – 1 x 100

A note on precision: Returns are computed to at least 6 decimal places but reported to a maximum of 5. In addition, owing to rounding errors inherent in computer floating-point arithmetic, the last digit in any reported value may sometimes be off by one from its true value.

Source: CCDC

Index Adjustment

The regular adjustment to the Index occurs on the first trading day in each quarter. Further action (e.g. removal from the Index) may be required if a constituent bond does not meet the selection criteria in between 2 regular adjustments, depending on the actual circumstances.

A new issue which meets the selection criteria may be included in the Index on the day immediately following the first trading date.

Constituent Securities of the Index

As at 17 January 2014, the following were the 10 largest constituents of the Index, representing approximately 59.41% of the total capitalisation of the Index, were as follows:

Rank	**Maturity Date**	**Years to maturity**	**Coupon**	**% of Index**	**Credit rating of the bond issuer****	**Yield to maturity**
1	8 March 2019	5.14	3.41%	7.16%	Aa3	4.41%
2	7 June 2019	5.39	3.14%	6.90%	Aa3	4.56%
3	18 April 2020	6.25	3.29%	6.67%	Aa3	4.67%
4	17 October 2020	6.75	4.07%	6.52%	Aa3	4.53%
5	11 July 2020	6.48	3.46%	6.45%	Aa3	4.57%
6	24 January 2020	6.02	3.42%	6.11%	Aa3	4.65%
7	6 September 2019	5.64	3.25%	5.96%	Aa3	4.61%
8	20 January 2021	7.01	3.94%	4.68%	Aa3	4.57%
9	7 July 2018	4.47	3.70%	4.57%	Aa3	4.40%
10	13 October 2018	4.74	3.65%	4.39%	Aa3	4.35%

** The source of credit ratings is Moody's. The credit ratings shown under this column are those of the bond issuer, which is the Ministry of Finance of the PRC for all the bonds of the Index, not those of the individual constituent bonds (which are unrated).

For details (including the latest index level), please refer to the Manager's website at http://www.csopasset.com/rmb-bond-etf and the index provider's website at http://www.chinabond.cn/Info/17167042.

The up-to-date index methodology is available on the index provider's website at http://www.chinabond.cn/Info/17167042.

The latest index level can also be obtained on Bloomberg and Reuters through ticker "CWTBTRID" and "CDC5YPUI" respectively.

Distribution Policy

The Manager intends to distribute income to Unitholders quarterly in January, April, July and October having regard to the Sub-Fund's net income after fees and costs. The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in RMB only. Each Unitholder will receive distributions in RMB only (whether holding RMB traded Units or HKD traded Units).

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital. Payments of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from gains attributed to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction in the Net Asset Value per Unit.

Further Information

Further information in relation to the Sub-Fund (including details of distribution policy and its Net Asset Value) and the Index is available at the Manager's website (http://www.csopasset.com/rmb-bond-etf). Investors should refer to "Information Available on the Internet" for more details. Unitholders are encouraged to refer to the information available on the Manager's website on a regular basis.

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.

The latest date for making a Creation Application for Units is 11:00 a.m. (Hong Kong time) 2 Business Days prior to the Listing Date or such other time as the Manager (with the approval of the Trustee) may determine on any day when the trading hours of the SEHK or the inter-bank bond market are reduced.

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

If a Creation Application is received by the Trustee after 2 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 currently 1,000,000 Units or such other numbers of Units approved by Trustee. During the Initial Offer Period the 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 Sub-Fund is terminated. Dealings in the Units on the SEHK are expected to commence on 19 February 2014 but may be postponed by the Manager to a date no later than 19 March 2014.

You can acquire or dispose the Units in either of the following 2 ways:

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

(b) apply for cash creation and cash 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 "Summary") 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 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 by cash creation (in RMB only) and redeemed by cash redemption (in RMB only) at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit Size. The Application Unit Size is set out in the "Summary" section.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Creation Applications to the Trustee (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day. 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. Participating Dealers are under no obligation to create or redeem generally or for their clients and may charge their clients such fee or fees as such Participating Dealers determine.

Settlement in cash for subscribing Units is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day or for redeeming of Units is due 3 Business Days after the Dealing Day, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case. Notwithstanding the Dual Counter for Units, all settlement for creation and redemption of Units shall be in RMB only.

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.

Timetable

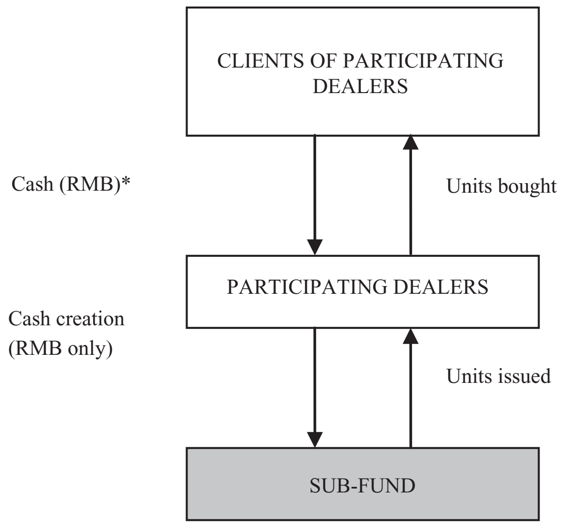
The following table summarises all key events and the Manager's expected timetable:

Initial Offer Period commences ● Participating Dealers may apply for creation for themselves or for their clients in a minimum number of 1,000,000 Units (or such other number of Units as the Manager may determine and approved by the Trustee)	● 9:00 a.m. (Hong Kong time) on 17 February 2014 but may be postponed by the Manager to no later than 9:00 a.m. (Hong Kong time) 17 March 2014
The date that is 2 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	● 11:00 a.m. (Hong Kong time) on 17 February 2014 but may be postponed by the Manager to no later than 11:00 a.m. (Hong Kong time) on 17 March 2014
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 a minimum number of 1,000,000 Units (or such other number of Units as the Manager may determine and approved by the Trustee)	● Commence at 9:30 a.m. (Hong Kong time) on 19 February 2014, but may be postponed by the Manager to a date no later than 19 March 2014 ● 8:00 a.m. (Hong Kong time) to 11 a.m. (Hong Kong time) on each Dealing Day

Diagrammatic Illustration of Investment in the Sub-Fund

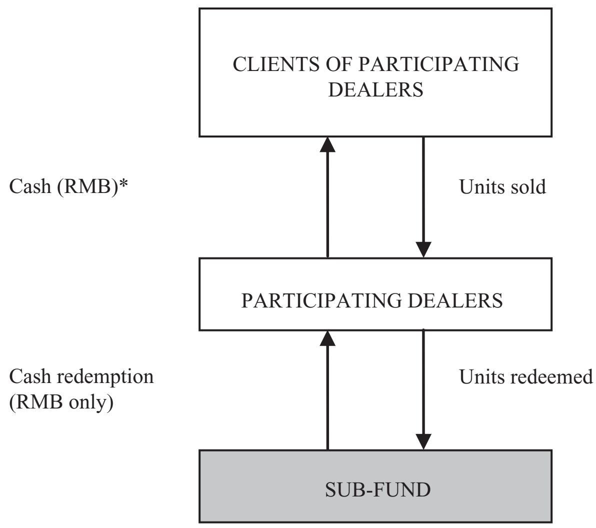
The diagrams below illustrate the issue or redemption and the buying or selling of Units:

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



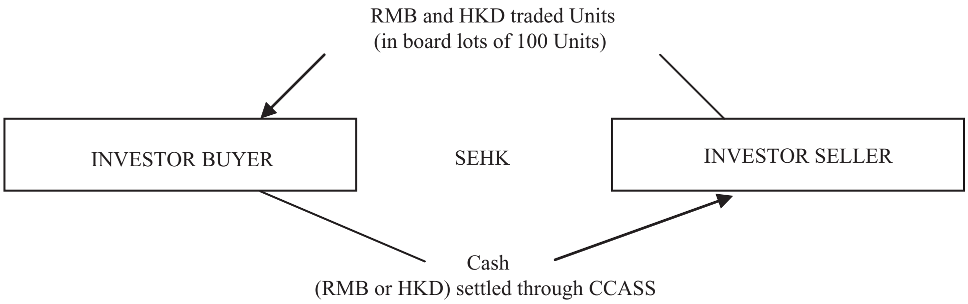
* Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.

(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 such other number of Units as determined by the Manager and approved by the Trustee)**	**Channel**	**Available to**	**Consideration, Fees and Charges***
Cash creation (RMB only)	1,000,000 (Application Unit Size)	Through Participating Dealers or through brokers that have an account with the Participating Dealers	Any person acceptable to the Participating Dealer as its client	Cash based on the Issue Price and the number of Units applied (payable in RMB only unless the Participating Dealer otherwise agrees) 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 RMB) Transaction Fee payable to the Service Agent (payable in HKD) Duties and Charges (payable in RMB)

After Listing

Method of Acquisition or Disposal of Units	Minimum Number of Units (or such other number of Units as determined by the Manager and approved by the Trustee)	Channel	Available to	Consideration, Fees and Charges*
Purchase and sale in cash through brokers on the SEHK (secondary market) in HKD or in RMB	Board lot of 100 Units for HKD traded Units and 100 Units for RMB traded Units	On the SEHK	Any investor	Market price of Units on SEHK (RMB for RMB traded Units and HKD for HKD traded Units) Brokerage fees (in such currency as determined by individual brokers), Transaction Levy and Trading Fee (in HKD only)
Cash creation and cash redemption (RMB only)	1,000,000 (Application Unit Size)	Through Participating Dealers only	Any person acceptable to the Participating Dealer as its client	Cash based on the Issue Price/ Redemption Value and the number of Units applied (payable/ receivable in RMB only unless the Participating Dealer otherwise agrees) 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 RMB) Transaction Fee payable to the Service Agent (payable in HKD) Duties and Charges (payable in RMB)

* *Please refer to "Fees and Expenses" for further details*

RMB Payment or Account Procedures

Investors may apply for Units through Participating Dealers only if they have sufficient RMB to pay the application monies and the related fees unless otherwise informed by the Participating Dealers that other currencies can be accepted. Investors should note that RMB is the only official currency of the PRC. While both onshore RMB ("CNY") and offshore RMB ("CNH") are the same currency, they are traded in different and separate markets. Since the 2 RMB markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there is a significant amount of RMB held offshore (i.e. outside the PRC), CNH cannot be freely remitted into the PRC and is subject to certain restrictions, and vice versa. As such whilst CNH and CNY are both the same currency, certain special restrictions do apply to RMB outside the PRC. The liquidity and trading price of the Sub-Fund may be adversely affected by the limited availability of, and restrictions applicable to, RMB outside the PRC.

Application monies from Participating Dealers to the Sub-Fund will be paid in RMB. Accordingly a Participating Dealer may require you (as its client) to pay RMB to it. Payment details will be set out in the relevant Participating Dealer's documentation such as the application form for its clients. As such, you may need to have opened a RMB bank account (for settlement) and a securities dealing account if a Participating Dealer is to subscribe for Units on your behalf as you will need to have accumulated sufficient RMB to pay at least the aggregate Issue Price and related costs, to the Participating Dealer or if an application to the Participating Dealer is not successful or is successful only in part, the whole or appropriate portion of the monies paid will need to be returned to you by the Participating Dealer by crediting such amount into your RMB bank account. Similarly, if you wish to buy and sell Units in the secondary market on the SEHK, you may need to open a securities dealing account with your broker. You will need to check with the relevant Participating Dealer and/or your broker for payment details and account procedures.

If any investors wish to buy or sell Units on the secondary market, they should contact their brokers and they are reminded to confirm with their brokers in respect of Units traded in RMB their readiness for dealing and/or clearing transactions in RMB securities and to check other relevant information published by the SEHK regarding readiness of its participants for dealing in RMB securities from time to time. CCASS Investor Participants who wish to settle the payment in relation to their trades in the Units traded in RMB using their CCASS Investor Participant account or to receive distributions in RMB should make sure that they have set up an RMB designated bank account with CCASS.

Investors intending to purchase Units in the RMB counter from the secondary market should consult their stockbrokers as to the RMB funding requirement and settlement method for such purchase. Investors may need to open and maintain securities dealing accounts with the stock broker first before any dealing in Units can be effected.

Investors should ensure they have sufficient RMB to settle of Units traded in RMB. The daily maximum exchange limit for RMB is RMB20,000 per Hong Kong resident individual and there is currently no maximum exchange limit for non-Hong Kong residents. Investors should consult the banks for the account opening procedures as well as terms and conditions of the RMB bank account. Some banks may impose restrictions on their RMB cheque account and fund transfers to third party accounts. For non-bank financial institutions (e.g. brokers), however, such restriction may not be applicable and investors should consult their brokers as to the currency exchange service arrangement if required.

The transaction costs of dealings in the Units on the SEHK include the SEHK trading fee and SFC transaction levy. All these secondary trading related fees and charges will be collected in HKD and, in respect of Units traded in RMB, calculated based on an exchange rate as determined by the Hong Kong Monetary Authority on the date of the trade which will be published on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") by 11:00 a.m. (Hong Kong time) or earlier on each trading day.

Investors should consult their own brokers or custodians as to how and in what currency the trading related fees and charges and brokerage commission should be paid by the investors.

Where payment in RMB is to be made by cheque investors are advised to consult the bank at which their respective RMB bank accounts are opened in advance whether there are any specific requirements in relation to the issue of RMB cheques. In particular, investors should note that some banks have imposed an internal limits (usually RMB80,000) on the balance of RMB cheque account of their clients or the amount of cheques that their clients can issue in a day and such limit may affect an investor's arrangement of funding for an application (through a Participating Dealer) for the creation of Units.

When an individual investor opens an RMB bank account or settle RMB payments, he or she will be subject to a number of restrictions, including:

(a) in respect of Hong Kong residents, the existing permitted conversions in relation to personal customers are up to RMB20,000 conducted through RMB bank accounts per person per day or up to RMB20,000 per transaction per person in bank notes for walk-in personal customers; and

(b) the daily maximum remittance amount to the PRC is RMB80,000 and a remittance service is only available to an RMB deposit account-holder who remits from his or her RMB deposit account to the PRC and provided that the account name of the account in the PRC is identical with that of the RMB bank account with the bank in Hong Kong.

Please also refer to the section entitled "RMB Currency Risks" for further details.

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Creation by Participating Dealers

There are 2 methods of making an investment in the Sub-Fund and of disposing of Units to realise an investment in the Sub-Fund.

The first method is to create or to redeem Units at Net Asset Value directly with the Sub-Fund in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the Sub-Fund. Although a Participating Dealer may, subject to arrangement with the Manager, elect to have Units which it creates deposited in CCASS in either the RMB counter or in the HKD counter, all creation and redemption for all Units must be in RMB. 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 Sub-Fund.

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 a Participating Dealer

Any application for the creation of Units of the Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit Size as set out in the "Summary" section. Investors cannot acquire Units directly from the Sub-Fund. Only Participating Dealers may submit Creation Applications to the Trustee (with a copy to the Manager).

Units in the Sub-Fund are continuously offered through a Participating Dealer, who may apply for them during the Initial Offer Period and thereafter following the Listing Date on any Dealing Day for its own account or for your account as their client(s), in accordance with the Operating Guidelines, by submitting a Creation Application to the Trustee (with a copy to the Manager).

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit creation request(s) received from you as its client(s), subject always to (i) mutual agreement between the relevant initial Participating Dealer and you 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 create Units for the relevant initial Participating Dealer on your behalf (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 you as to the method of effecting such creation request(s).

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 Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund 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 in the 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; or

(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 Sub-Fund.

Notwithstanding the Dual Counter, any cash payable by a Participating Dealer in a cash Creation Application must be in RMB regardless of whether the Units are deposited into CCASS as RMB traded Units or as HKD traded Units. The process for creation of Units deposited under the RMB counter and HKD counter is the same.

A Participating Dealer may impose fees and charges in handling any creation request which would increase the cost of investment. You 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 the Sub-Fund 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 a 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 the Sub-Fund can be submitted by it to the Trustee with a copy to the Manager. You 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 the Sub-Fund is 1,000,000 Units. Creation Applications submitted in respect of Units other than in Application Unit Size will not be accepted.

Creation Process

A Participating Dealer may from time to time submit Creation Applications in respect of the Sub-Fund to the Trustee, with a copy to the Manager, following receipt of creation requests from clients or where it wishes to create Units of the Sub-Fund 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 is 11:00 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK or the inter-bank bond market 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 Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;

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

(c) where the Manager does not have adequate RQFII quota to fully satisfy the Creation Application;

(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 in the 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) during any period when the business operations of the Manager, the Trustee, the Custodian or the PRC Custodian in relation to the Sub-Fund 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 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 (a) for the account of the Sub-Fund, the creation of Units in Application Unit Size in exchange for a transfer of cash; and (b) 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 Trustee may add to such Issue Price such sum (if any) as 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 the Sub-Fund during the Initial Offer Period, the Manager shall procure the creation and issue of Units in the Sub-Fund on the Initial Issue Date.

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 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 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 Sub-Fund). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units. 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 Sub-Fund for the difference between:

(a) the prices used when valuing the Securities of the Sub-Fund for the purpose of such issue of Units; and

(b) the prices which would be used when acquiring the same Securities if they were acquired by the Sub-Fund with the amount of cash received by the Sub-Fund 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 the Sub-Fund.

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 the 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 for the account of the Registrar an application cancellation fee (see the section on "Fees and Expenses" for further details);

(b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the Sub-Fund, 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 Sub-Fund 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 a Participating Dealer

Any application for the redemption of Units of the Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit Size. Investors cannot redeem Units directly from the Sub-Fund. Only Participating Dealers may submit Redemption Applications to the Trustee (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 Trustee (with a copy to the Manager).

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit redemption request(s) received from you as its client(s), subject always to (i) mutual agreement between the relevant initial Participating Dealer and you 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 your behalf (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 you as to the method of effecting such redemption request(s).

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 Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund 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 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 of the date of this Prospectus, only cash redemption is available to the Participating Dealers in respect of the Sub-Fund.

Notwithstanding the Dual Counter, any cash proceeds received by a Participating Dealer in a cash Redemption Application shall be paid only in RMB. Both RMB traded Units and HKD traded Units may be redeemed by way of a Redemption Application (through a Participating Dealer). Where a Participating Dealer wishes to redeem HKD traded Units the redemption process is the same as for RMB traded Units.

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. You 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 the Sub-Fund 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 the Sub-Fund can be submitted by it to the Trustee (with a copy to the Manager). You are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

Redemption Process

A Participating Dealer may from time to time submit Redemption Applications in respect of the Sub-Fund to the Trustee (with a copy to the Manager), following receipt of redemption requests from clients or where it wishes to redeem Units of the Sub-Fund 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 is 11:00 a.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK or the inter-bank bond market 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 each of the Trustee and the Manager may separately 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 Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;

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

(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 in the 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 and/or any of its Connected Person 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) during any period when the business operations of the Manager, the Trustee, the Custodian or the PRC Custodian in relation to the Sub-Fund 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 shall be the Net Asset Value per Unit of the Sub-Fund rounded to the nearest 4 decimal places (0.00005 or above being rounded up). The benefit of any rounding adjustments will be retained by the Sub-Fund. 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 (which shall be in RMB only) may not exceed 1 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 Extension Fee to the Trustee) 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 Sub-Fund). 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 the Sub-Fund for the difference between:

(a) the prices used when valuing the Securities of the Sub-Fund for the purpose of such redemption of Units; and

(b) the prices which would be used when selling the same Securities if they were sold by the Sub-Fund in order to realize the amount of cash required to be paid out of the Sub-Fund 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 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:

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

(b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the Sub-Fund, 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 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 Sub-Fund 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 Sub-Fund) of the total number of Units in the Sub-Fund then in issue, the Manager may direct the Trustee to reduce the 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 the Sub-Fund) of the Units in the Sub-Fund 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 Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund) of the Units in the Sub-Fund then in issue) in priority to any other Units in the Sub-Fund 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 giving notice to the Trustee (and where practicable, after consultation with Participating Dealers) suspend the creation or issue of Units of the Sub-Fund, suspend the redemption of Units of the Sub-Fund and/or (subject to the relevant requirements of the Code where payment of redemption monies exceeds 1 calendar month) delay the payment of any monies in respect of any Creation Application 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 (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 (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 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, as appropriate or disposal of investments for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the Sub-Fund;

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

(g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the Sub-Fund or when for any other reason the value of any Securities or other property for the time being comprised in the Sub-Fund 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 Sub-Fund is suspended or if any circumstance specified in the section on "Suspension of Net Asset Value" below arises; or

(i) during any period when the business operations of the Manager, the Trustee, the Custodian or the PRC Custodian in respect of the Sub-Fund 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.

The Manager will, after giving notice to the Trustee, suspend the right to subscribe for Units of the Sub-Fund 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 or such other percentage permitted under Schedule 1. In addition, where the sub-funds under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer and the SFC has not agreed to waive this prohibition under the Code, 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/rmb-bond-etf 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 the 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 the 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 CCASS 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 the Sub-Fund suffering any adverse effect which the Trust or the Sub-Fund might not otherwise have suffered; or

(b) in the circumstances which, in the Manager's opinion, may result in the Trust or the Sub-Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the Sub-Fund might not otherwise have incurred or suffered.

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

A Unitholder may transfer Units using the standard transfer form issued by SEHK or by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the Unitholders of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding in the Sub-Fund. If and to the extent that all Units are deposited in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a participant of CCASS.

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

General

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Units.

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 1 or more other stock exchanges.

Dealings on the SEHK in Units are expected to begin on 19 February 2014.

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 ensure that at least 1 Market Maker will maintain a market for Units traded in RMB and at least 1 Market Maker will maintain a market for Units traded in HKD (although the Market Maker for both counters may be the same entity). 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 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 Sub-Fund in respect of their profits.

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

Subject to the granting of listing of, and permission to deal in, the Units on the SEHK as well as the compliance with the stock admission requirements of HKSCC, the Units will be 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 on the SEHK or on any other date HKSCC chooses. 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 CCASS and CCASS 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.

Investors should note that the Renminbi Trading Support Facility (the "TSF") launched by HKEx is currently not made available for fixed income ETFs. As such, if an investor does not have sufficient RMB, it will need to source RMB from other channels or it will only be able to buy units of the Sub-Fund through the HKD counter.

Dual Counter

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Units are denominated in RMB. Despite the Dual Counter arrangement the creation of new Units and redemption of Units in the primary market are settled in RMB only. The Sub-Fund offers 2 trading counters on the SEHK (i.e. RMB counter and HKD counter) to investors for secondary trading purposes. Units traded in RMB counter will be settled in RMB and Units traded in HKD counter will be settled in HKD. Apart from settlement in different currencies, the trading prices of Units in the 2 counters may be different as the RMB counter and HKD counter are 2 distinct and separate markets.

Units traded on both counters are of the same class and all Unitholders of both counters are treated equally. The 2 counters will have different stock codes, different stock short names and different ISIN numbers as follows:

	RMB counter	**HKD counter**
SEHK stock code	83199	3199
Short name	CSOP 5Y CGBOND-R	CSOP 5Y CGBOND
ISIN numbers	HK0000182979	HK0000182987

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in 1 counter and sell in the other counter provided their brokers provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support Dual Counter trading. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the RMB counter and that of HKD counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

More information with regard to the Dual Counter is available in the frequently asked questions in respect of the Dual Counter published on HKEx's website http://www.hkex.com.hk/eng/prod/secprod/etf/dc.htm.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors' attention is also drawn to the risk factor below entitled "Dual Counter Risks".

DETERMINATION OF NET ASSET VALUE

The Net Asset Value of the Sub-Fund will be determined by the Trustee as at each Valuation Point, which may be different from the close of any Market, by calculating the value of the assets of the Sub-Fund and deducting the liabilities of the Sub-Fund, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various Securities held by the Sub-Fund 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) in the case of a Security that is a debt instrument which may or may not be the constituent of the Index, the value of such Security shall be determined in accordance with the Index's valuation policy (this being the fair value), and the Manager and the Trustee shall have the final determination right to the valuation of such quoted security and shall be entitled to use prices furnished by the Index Provider; (iv) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (v) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or last traded prices as the case may be;

(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 based on the formulae set out in the Trust Deed;

(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 Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager shall cause a revaluation to be made on a regular basis 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 Trustee or the Manager in consultation with the Trustee may adjust the value of any investment if, having regard to relevant circumstances, it considers that such adjustment is required to fairly reflect the value of the investment.

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

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

To the extent that the valuation or accounting basis adopted by the Sub-Fund 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 annual accounts, including a reconciliation note to reconcile values arrived at by applying the Trust's valuation rules.

Suspension of the Determinations of Net Asset Value

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of the Sub-Fund 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 Sub-Fund;

(b) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any Securities held or contracted for the account of the Sub-Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of Units of the Sub-Fund;

(c) for any other reason the prices of investments of the Sub-Fund 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 Sub-Fund or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities or other property for the time being comprised in the Sub-Fund 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, the Securities of the Sub-Fund or the subscription or redemption of Units of the Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange; or

(f) the business operations of the Manager, the Trustee, the Custodian or the PRC Custodian 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.

Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value of the Sub-Fund and the Manager shall be under no obligation to rebalance the Sub-Fund 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/rmb-bond-etf or in such publications as it decides.

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

Issue Price and Redemption Value

The Initial Issue Price which is the subject of a Creation Application during the Initial Offer Period will be one-fifth ($1/5^{th}$) of the closing level of the clean price (price return) Index price (expressed in the base currency of the Sub-Fund) as at the last day of the Initial Offer Period, in RMB rounded to 4 decimal places (0.00005 or above being rounded up), or such other amount from time to time determined by the Manager and approved by the Trustee.

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 Sub-Fund in RMB as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest 4 decimal places (0.00005 or above being rounded up).

The Redemption Value on a Dealing Day shall be the prevailing Net Asset Value of the Sub-Fund in RMB as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest 4 decimal places (0.00005 or above being rounded up).

The benefit of any rounding adjustment will be retained by the Sub-Fund.

The Issue Price and the Redemption Value for the Units (or the latest Net Asset Value of the Units) will be available on the Manager's website at http://www.csopasset.com/rmb-bond-etf or published in such publications as the Manager may decide from time to time.

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

FEES AND EXPENSES

There are 3 levels of fee and expenses applicable to investing in the Sub-Fund as set out in the following table, current as at the date of the Prospectus.

(a)	**Fees and expenses payable by Participating Dealers on creation and redemption of Units (primary market)**	**Amount**
	Transaction Fee	RMB12,000[3] per Application
		HKD1,000[3] per book-entry deposit and book-entry withdrawal
	Registrar Fee	RMB120[3] per transaction
	Application Cancellation Fee	RMB8,500[4] per Application
	Extension Fee (applicable to redemption of Units only)	RMB8,500[5] per Application
	Stamp duty	Nil
	Transaction levy and trading fee	Nil
(b)	**Fees and expenses payable by investors**	**Amount**
(i)	***Fees payable by clients of the Participating Dealers (applicable both during the Initial Offer Period and After Listing)***	
	Fees and charges imposed by the Participating Dealer[6]	Such amounts as determined by the relevant Participating Dealer

3 RMB12,000 is payable to the Trustee and HKD1,000 is payable to the Service Agent per book-entry deposit and book-entry withdrawal. The Registrar will charge a fee of RMB120 for each Creation Application and Redemption Application. A Participating Dealer may pass on to the relevant investor such Transaction Fee and Registrar Fee.

4 An Application Cancellation fee is payable to the Trustee and/or Registrar 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.

5 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.

6 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	0.003%[7]
Trading fee	0.005%[8]
Stamp duty	Nil
Inter-counter transfer	HKD5[9]

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

(c) Fees and expense payable by the Sub-Fund (see further disclosure below)

Fees and Expenses Payable by Sub-Fund	**Amount**
Management Fee[10]	0.49% p.a. of Net Asset Value (estimated TER of 0.49%)

Fees and expense payable by the Sub-Fund

Management Fee

The Sub-Fund employs a single management fee structure, with the Sub-Fund 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 the Sub-Fund's Management Fee include, but are not limited to, the Manager's fee, the Trustee's fee, the Custodian's fee, the PRC Custodian's fee, the Registrar's fee, the Service Agent's fee, the fees and expenses of the Auditor, service agents, ordinary legal and out-of-pocket expenses incurred by the Trustee or the Manager, and the costs and expenses of licensing indices used in connection with the Sub-Fund. The Manager may also pay a distribution fee to any distributor or sub-distributor of the Sub-Fund out of the Management Fee. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

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 the Sub-Fund and extraordinary items such as litigation expenses. The Management Fee is accrued daily, paid monthly in arrears.

7 Transaction levy of 0.003% of the price of the Units payable by each of the buyer and the seller.

8 Trading fee of 0.005% of the price of the Units, payable by each of the buyer and the seller.

9 HKSCC will charge each CCASS participant a fee of HKD5 per instruction for effecting an inter-counter transfer from one counter to another counter. Investors should check with their brokers regarding any additional fees.

10 Accrued daily and payable monthly in arrears.

Performance Fee

No performance fee is chargeable to the Sub-Fund.

Total Expense Ratio

The total expense ratio ("TER") of the Sub-Fund, which is the sum of anticipated charges to the Sub-Fund expressed as a percentage of the Net Asset Value of the Sub-Fund and includes the Management Fee, is estimated to be 0.49% per annum. The TER does not represent the estimated tracking error and does not include extraordinary items (if any) borne by the Sub-Fund.

Promotional Expenses

The Sub-Fund 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 Sub-Fund will not be paid (either in whole or in part) out of the Trust Fund.

Other Expenses

The Sub-Fund will bear all operating costs relating to the administration of the Sub-Fund 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 and maintaining the Trust's and the Sub-Fund's 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 Sub-Fund by the Trustee, the Manager or the Registrar or any of its service providers, the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly reports, accounts and other circulars relating to the Sub-Fund and the expenses of publishing Unit prices.

Establishment Costs

The cost of establishing the Trust and the Sub-Fund 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 and (including, if considered appropriate by the Manager, any additional costs of determining the stock code which are estimated to be HKD1,000,000) (which are estimated to be RMB2.5 million) will be borne by the Sub-Fund (unless otherwise determined by the Manager) and amortised over the first 5 financial years of the Sub-Fund or such other period as determined by the Manager after consulting the Auditor.

Increase in Fees

The current fees payable to the Manager and the Trustee (which are included in the clauclation of the Management Fee) 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 in the Trust Deed.

An investment in the Sub-Fund carries various risks referred to below. Each of these risks 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 the Sub-Fund will be achieved. Prospective investors should carefully evaluate the merits and risks of an investment in the Sub-Fund in the context of their overall financial circumstances, knowledge and experience as an investor.

Investment Risks Relating to the Sub-Fund

Loss of Capital Risk. The Sub-Fund is an investment fund. There is no guarantee of the repayment of principal. Therefore your investment in the Sub-Fund may suffer losses.

New Product Risk. The Sub-Fund is one of the first physical RQFII, RMB denominated ETFs investing directly in PRC Treasury Bonds. The RQFII regime is relatively new and so makes the Sub-Fund riskier than traditional ETFs investing in markets other than the PRC.

RQFII Systems Risk. The current RQFII Regulations include rules on investment restrictions applicable to the Sub-Fund. Transaction sizes for RQFIIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Onshore PRC securities are registered in the joint names of the Manager (as the RQFII holder) and the Sub-Fund in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the CCDC. The account is required to bear the name of "CSOP Asset Management Limited" as this is the name under which the RQFII is approved by the relevant regulator. The PRC Custodian acts on the RQFII's behalf in the inter-bank bond market and maintain the Sub-Fund's assets in custody in accordance with the terms of the PRC Custody Agreement.

In the event of any default of the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the PRC, the Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the net asset value of the Sub-Fund.

There can be no assurance that additional RQFII quota can be obtained to fully satisfy subscription requests. This may result in a need for the Manager to close the Sub-Fund to further subscriptions. In extreme circumstances, the Sub-Fund 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 RQFII investment restrictions, illiquidity of the PRC's securities markets, and delay or disruption in execution of trades or in settlement of trades.

The regulations which regulate investments by RQFIIs in the PRC and the repatriation of capital from RQFII 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 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.

PRC Custodian Risk. Onshore PRC assets will be maintained by the PRC Custodian in electronic form via a securities account with the CCDC and a special deposit account with the PRC Custodian.

The PRC Custodian will also execute transactions for the Sub-Fund in the PRC markets. The Sub-Fund may incur losses due to the acts or omissions of the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities. Subject to the applicable laws and regulations in the PRC, the Manager will make arrangements to ensure that the PRC Custodian has appropriate procedures to properly safe-keep the Sub-Fund's assets.

According to the RQFII Regulations and market practice, the securities and special deposit accounts for the Sub-Fund in the PRC are maintained in the joint names of the Manager as the RQFII and the Sub-Fund. Although the Manager has obtained a legal opinion that the assets in such securities account would belong to the Sub-Fund, such opinion cannot be relied on as being conclusive, as the RQFII Regulations are subject to the interpretation of the relevant authorities in the PRC.

Investors should note that cash deposited in the cash account of the Sub-Fund with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belong to other clients of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash account, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC Custodian. The Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

Repatriation Risk. Repatriations by RQFIIs in respect of an investment fund such as the Sub-Fund conducted in RMB are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any new restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests.

RQFII Quota Risk. The Sub-Fund will utilise the Manager's RQFII quota granted under the RQFII Regulation. This RQFII quota is limited and may be reached. In such event, unless the Manager is able to acquire additional RQFII quota, it may be necessary for the Manager to suspend creations of Units. In such event it is possible that the trading price of a Unit on the SEHK may be at a significant premium to the Net Asset Value of each Unit (which may also increase tracking error of the Sub-Fund).

RQFII Late Settlement Risk. The Sub-Fund will be required to remit RMB from Hong Kong to the PRC to settle the purchase of PRC Treasury Bonds by the Sub-Fund from time to time. In the event such remittance is disrupted, the Sub-Fund will not be able to fully replicate the Index by investing in the relevant PRC Treasury Bonds and this may increase the tracking error of the Sub-Fund.

Fixed Income Investments Risks

Interest Rate Risk. Because the Sub-Fund invests in fixed-income Securities, the Sub-Fund is subject to interest rate risk. Interest rate risk is the risk that the value of the Sub-Fund's portfolio will decline because of rising interest rates. Interest rate risk is generally lower for shorter term fixed income investments and higher for longer term fixed income investments.

As the Sub-Fund invests in PRC bonds including PRC Treasury Bonds, the Sub-Fund is additionally subject to policy risk as changes in macro-economic policies in the PRC (including monetary policy and fiscal policy) may have an influence over the PRC's capital markets and affect the pricing of the bonds in the Sub-Fund's portfolio, which may in turn adversely affect the return of the Sub-Fund. Falling market interest rates can lead to a decline in income for the Sub-Fund.

Liquidity Risk. Liquidity risk exists when a particular investment is difficult to purchase or sell. If the Sub-Fund invests in illiquid Securities or the current market become illiquid, it may reduce the returns of the Sub-Fund because the Sub-Fund cannot sell the illiquid Securities at an advantageous time or price. The cost of dealing may be high in such illiquid markets. A disruption in the asset allocation in the Sub-Fund is also possible if underlying Securities cannot be purchased or sold. The Sub-Fund is subject to liquidity risk as continued regular trading activity and active secondary market for treasury bonds is not guaranteed. The Sub-Fund may suffer losses in trading such instruments. The bid and offer spread of the price of bonds may be large, so the Sub-Fund may incur significant trading and realisation costs and may suffer losses accordingly. As such, there can be no assurance that investors will be able to dispose of their Units at prices in the amounts and at the times at which they would wish to or which they may otherwise be able to do in respect of other HKD denominated Securities listed on the SEHK.

Sovereign Debt Risk. The Sub-Fund invests in PRC Treasury Bonds which are sovereign debt Securities and such investments involve special risks. The PRC governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A PRC governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the PRC governmental entity's policy towards the International Monetary Fund and the political constraints to which a PRC governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a PRC governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, PRC governmental entities may default on their sovereign debt. Holders of sovereign debt, including a fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. As at the date of this Prospectus, there is no bankruptcy proceeding by which sovereign debt on which a PRC governmental entity has defaulted may be collected in whole or in part. The Sub-Fund's recourse against a defaulting sovereign (the PRC government) is limited.

Issuer Risk. Investment in bonds issued by the entities that are regarded as having the same credit quality or rating as the PRC sovereign credit by the Sub-Fund is exposed to the credit/insolvency risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. An issuer suffering an adverse change in its financial condition could lower the credit quality of a Security, leading to greater price volatility of the Security. A lowering of the credit rating of a Security or its issuer may also affect the Security's liquidity, making it more difficult to sell. In general, debt instruments that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. In the event of a default or credit rating downgrading of the issuers of the bonds, the bonds and the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuer of these bonds as the issuer is incorporated outside Hong Kong and subject to foreign laws.

PRC Treasury Bonds are offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer (the PRC government). As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of Treasury Bonds only after all secured claims have been satisfied in full. The Sub-Fund will be fully exposed to the credit/insolvency risk of its PRC Treasury Bond issuer counterparties as an unsecured creditor.

Credit Risk. The value of the Sub-Fund is affected by the credit worthiness of its underlying investments. A deterioration of credit quality (e.g. an issuer credit downgrade or credit event leading to widening of credit spread) of an underlying investment will adversely impact the value of such investment. Fixed income instruments are offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of fixed income instruments only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Credit Downgrade Risk. Credit rating of issuers of fixed income instruments and credit rating of Securities may be downgraded, thus adversely affecting the value and performance of the Sub-Fund holding such investments. Although the Sub-Fund will not invest in any non-investment grade bond, investors should note that there is no assurance that the bond invested by the Sub-Fund or the bond issuer will continue to have an investment grade rating or continue to be rated.

Valuation Risk. In a thinly traded market, it may be more difficult to achieve fair value when purchasing or selling underlying Securities because of the wide bid-ask spread. The inability to transact at advantageous times or prices may result in a reduction in the Sub-Fund's returns. Further, changing market conditions or other significant events, such as credit rating downgrades affecting issuers or major financial institutions, may also pose valuation risk to the Sub-Fund as the value of the Sub-Fund's portfolio of fixed income instruments may become more difficult or impossible to ascertain. In such circumstances, valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations as there is a possibility that independent pricing information may at times be unavailable. If such valuations should prove to be incorrect, the Net Asset Value of the

Sub-Fund may need to be adjusted and may be adversely affected. Such events or credit rating downgrades may also subject the Sub-Fund to increased liquidity risk as it may become more difficult for the Sub-Fund to dispose of its holdings of bonds at a reasonable price or at all.

Illiquidity of Bonds Close to Maturity Risk. The Sub-Fund's underlying fixed income Securities may become more illiquid when nearing maturity. It therefore may be more difficult to achieve fair valuation in the market.

RMB Currency Risks

RMB 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 government. Since 1994, the conversion of RMB into US dollar has been based on rates set by the PBOC, which are set daily based on the previous day's PRC inter-bank foreign exchange market rate. On 21 July 2005, the PRC 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 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%. However it should be noted that the PRC government's policies on exchange control and repatriation restrictions are subject to change, and any such change may adversely impact the Sub-Fund. There can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar 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 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 government will continue its existing foreign exchange policy or when the PRC government will allow free conversion of the RMB to foreign currency.

Any PRC government's policies on exchange control and repatriation restrictions are subject to change and may reduce the liquidity as well as operation of the Sub-Fund. It may also cause suspension of creation of units of the Sub-Fund.

RMB Trading and Settlement of Units Risk. The trading and settlement of RMB denominated Securities are recent developments in Hong Kong and there is no assurance that there will not be problem with the systems or that other logistical problems will not arise. The trading and settlement of the RMB traded Units may not be capable of being implemented as envisaged. In addition, the Units are some of the first Securities with a Dual Counter (i.e. RMB traded and HKD traded Units) to be traded on the SEHK and settled in CCASS. Although end-to-end simulation trading and clearing of listed RMB products testing sessions and payment pilot runs for participants of the SEHK were held by the SEHK in March, September and October 2011, some brokers may not have participated in such testing sessions and pilot runs and for those who have, not all of them may be able to successfully complete such testing sessions and pilot runs, there is no assurance of their readiness for dealing in RMB denominated Securities. Investors should note that not all brokers may be ready and able to carry out trading and settlement of RMB traded Units and thus they may not be able to deal in the RMB traded Units through some brokers. Investors should check with their brokers in advance if they intend to engage Dual Counter trading or in inter-counter transfers and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter transfer or Dual Counter trading services.

Non-RMB or Late Settlement Redemption Risk. Where, in extraordinary circumstances, the remittance or payment of RMB funds on the redemption of Units 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 HKD 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, through Participating Dealers, settlement upon a redemption of Units in RMB (and may receive US dollars or HKD) or may receive settlement in RMB on a delayed basis.

Exchange Rates Movement Between the RMB and Other Currencies Risk. Investors in RMB traded Units whose assets and liabilities are predominantly in HKD or in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and RMB. In addition, investors in HKD traded Units should note that distributions on HKD traded Units will only be paid in RMB. Accordingly, foreign exchange risk will also apply to investors in HKD traded Units. There is no guarantee that RMB will appreciate in value against HKD or any other currency, or that the strength of RMB may not weaken. In such case an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into HKD (or any other currency).

Unavailability of the Renminbi Trading Support Facility ("TSF") Risk. Investors should note that the TSF launched by HKEx is currently not made available for fixed income exchange traded funds. As such, if an investor does not have sufficient RMB, it will need to source RMB from other channels or it will only be able to buy Units through the HKD counter.

Future Movements in RMB Exchange Rates Risk. The exchange rate of the RMB ceased to be pegged to the US dollar on 21 July 2005, resulting in a more flexible RMB exchange rate system. The China Foreign Exchange Trading System, authorised by the PBOC, promulgates the central parity rate of the RMB against the US dollar, Euro, Yen, pound sterling and HKD 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 the 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 dollars and HKD, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, HKD or any other foreign currency in the future. From 1994 to July 2005, the exchange rate for the RMB against the US dollar and the HKD was relatively stable. Since July 2005, the appreciation of the RMB has begun to accelerate. Although the PRC government has constantly reiterated its intention to maintain the stability of RMB, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners.

The possibility that the appreciation of the RMB will be accelerated cannot be excluded. Further, any devaluation of the RMB could adversely affect the value of investors' investments in the Sub-Fund. Investors whose base currency is not the RMB may be adversely affected by changes in the exchange rates of the RMB.

Offshore RMB ("CNH") Market Risk. The onshore RMB ("CNY") is the only official currency of the PRC and is used in all financial transactions between individuals, state and corporations in the PRC. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside the PRC. Since June 2010, the offshore RMB ("CNH") is traded officially, regulated jointly by the Hong Kong Monetary Authority (the "HKMA") and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The 2 RMB markets operate independently where the flow between them is highly restricted. Although the CNH is a proxy 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. Any divergence between CNH and CNY may adversely impact investors who intend to gain exposure to CNY through investments in the Sub-Fund.

However, the current size of RMB denominated financial assets outside the PRC is limited. As at the end of November 2013, the total amount of RMB (CNH) deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB826.99 billion. In addition, participating authorised institutions are also required by the HKMA 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 Hong Kong resident individual customers of up to RMB20,000 per person per day. 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 laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the relevant settlement agreements 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 may affect the ability of investors to acquire Units or to sell Units affecting the liquidity and 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 under the HKD counter, 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.

Other Investment Risks

Emerging Market Risk. Investing in emerging markets, such as the PRC, involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.

Over-the-counter Market Risk. OTC markets such as the PRC inter-bank bond market are subject to less governmental regulation and supervision of transactions than organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions on OTC markets. Therefore, by entering into transactions on OTC markets, the Sub-Fund will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain losses.

Distributions May Not Be Paid. Whether or not distributions will be made by the Sub-Fund is at the discretion of the Manager taking into account various factors and its own distribution policy. Some factors are beyond the control of the Manager, such as issuer risk where the bond issuer fails to pay interest. There can be no assurance that the distribution yield of Sub-Fund is the same as that of its Index due to factors such as expenses incurred by the Sub-Fund.

Economic Risk. Economic instability in an emerging market such as the PRC may arise when such country is heavily dependent upon commodity prices and international trade. The PRC economy has been and may continue to be adversely affected by the economics of its trading partners, foreign exchange controls, managed adjustments in relative currency values, trade barriers and other protectionist measures imposed or negotiated by the countries with which they trade. Some emerging market countries have experienced currency devaluations and some have experienced economic recession causing a negative effect on their economies and Securities markets. There can be no assurance that the PRC may not experience similar circumstances.

Political and Social Risk. Some governments in emerging market countries are authoritarian and some have periodically used force to suppress civil dissent. Disparities of wealth, the pace and success of democratisation and capital market development and ethnic, religious and racial disaffection, among other factors, may lead to social unrest, violence and/or labour unrest in emerging market countries such as the PRC. Unanticipated political or social developments may result in sudden and significant investment losses. All of these factors can have a material impact on the Index and create a risk of higher price volatility which, in turn, can increase any tracking error.

Market Risk. The Net Asset Value of the Sub-Fund will change with changes in the market value of the Securities it holds. The price of Units and the income from them may go down as well as up. There can be no assurance that the Sub-Fund will achieve its investment objective or that an investor will achieve profits or avoid losses, significant or otherwise.

The capital return and income of the Sub-Fund is based on the capital appreciation and income on the Securities it holds, less expenses incurred. The Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, the Sub-Fund may experience volatility and decline in a manner that broadly corresponds with its Index. Investors in the Sub-Fund are exposed to the same risks that investors who invest directly in the Index would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); 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 Sub-Fund, the returns from the types of Securities in which the Sub-Fund invests may underperform or outperform returns from other Securities markets or from investment in other assets. Different types of Securities tend to go through cycles of out-performance and underperformance when compared with other general Securities markets.

Foreign Security Risk. The Sub-Fund invests in the debt markets of the PRC. Such markets are subject to special risks associated with foreign investment including market fluctuations caused by factors affected by political and economic developments. Investing in the Securities of non-Hong Kong entities involves special risks and considerations not typically associated with investing in Hong Kong entities. These include differences in accounting, auditing and financial reporting standards, the possibility of nationalisation of assets, expropriation or confiscatory taxation, or regulation, the imposition of withholding taxes on payments or distributions referable to underlying Securities, adverse changes in investment, tax or exchange control regulations, economic growth and indicators (such as GDP, inflation rate, self sufficiency and balance of payments position of the relevant economy), government regulation, political instability that could affect local investments in foreign countries, and potential restrictions on the flow of international capital. Each of these factors may have a large impact on the performance of the Sub-Fund.

Passive Investment Risks. The aim of the Sub-Fund is to track the performance of the Index. The Sub-Fund is not actively managed and will not adopt any temporary defensive position against any market downturn, i.e. it does not try to beat or perform better than the Index. The Sub-Fund invests in Securities representative of the Index regardless of their investment merit. The Manager does not attempt to select Securities individually or to take defensive positions in declining markets. 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 Sub-Fund will mean that where there is a decline in the Index this is expected to result in corresponding decline in the value of the Sub-Fund. Investors may suffer significant losses accordingly.

Management Risk. Because there can be no guarantee that the Sub-Fund will fully replicate its Index and may hold non-index Securities, it 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 held by the Sub-Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Sub-Fund being achieved. Investors should also note that in certain cases, none of the Manager, the Sub-Fund or the Unitholders has any voting rights with respect to Securities held by the Sub-Fund.

Tracking Error Risk. The Sub-Fund only holds a representative sample of Securities that represents the profile of the Index and may invest in RMB-denominated bonds not included in its Index. The number of Index constituents invested by the Sub-Fund depends on the fund size of the Sub-Fund. The Net Asset Value of the Sub-Fund may not have exactly the same net asset value of the Index. Factors such as the fees and expenses of Sub-Fund, the investments of Sub-Fund not matching exactly the Securities which make up the Index (e.g. where it uses representative sampling), an inability to rebalance the Sub-Fund's holdings of Securities in response to changes to the Securities which make up the Index, rounding of Security prices, changes to the Index and regulatory policies that may affect the Manager's ability to achieve close correlation with the Index. This may cause the Sub-Fund's returns to deviate from the Index. Further, the fact that the Manager is adopting a representative sampling strategy may lead to a greater risk of tracking error.

Operational and Settlement Risks. 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. Such trade errors may have adverse consequences (for example, due to an inability to correct effectively such an error when detected).

The Sub-Fund is subject to operational risks that may arise from any breaches by the Manager's investment management staff of the Manager's operational policies or technical failures of communication and trading systems. Whilst the Manager has in place internal control systems, operational guidelines and contingency procedures to reduce the chances of such operational risks, there is no guarantee events beyond the control of the Manager (such as unauthorised trading, trading errors or system errors) will not occur.

To the extent that Sub-Fund transacts in the inter-bank bond market in the PRC, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. Many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions on the inter-bank bond market which is an over-the-counter market. All trades settled through CCDC are on delivery versus payment basis i.e. the Sub-Fund will only pay the counterparty upon receipt of the Securities. If a counterparty defaults in delivering the Securities, the trade may be cancelled and the Sub-Fund may need to find another counterparty to complete the transaction, which may be at a less favourable price and thus adversely affecting the value of the Sub-Fund.

Transaction Counterparty Risk. Institutions, such as banks, securities firms and asset managers, may enter into transactions with the Sub-Fund in relation to the sale and purchase of assets or Securities. Bankruptcy, fraud, regulatory sanction or a refusal to complete a transaction at one of these institutions could significantly impair the operational capabilities or the capital position of the Sub-Fund and as a result adversely impact the value of the Sub-Fund and investors may suffer a loss as a result. The Sub-Fund intends to attempt to limit its investment transactions to well-capitalised and established banks and securities firms in an effort to mitigate such risks. There can be no guarantee that transactions between such counterparties will always be completed in the manner contemplated by, and favourable to, the Sub-Fund.

Provision of Indemnity Risk. Under the Trust Deed, the Trustee and the Manager have the right to be indemnified for any liability or expense incurred by them in performing their respective duties except as a result of their own negligence, default or breach of duty or trust or fraud. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the affected Sub-Fund or the Trust and the value of the Units.

Operating Cost Risk. There is no assurance that the performance of the Sub-Fund will achieve its investment objective. The level of fees and expenses payable by the Sub-Fund will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Sub-Fund can be estimated, the growth rate of the Sub-Fund, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Sub-Fund or the actual level of its expenses.

Representative Sampling Risk. With a representative sampling strategy, the Sub-Fund does not hold all of the Securities in its Index and may invest in bonds and other Securities not included in its Index, provided that the sample closely reflects the overall characteristics of the Index which the Manager believes will help the Sub-Fund achieve its investment objective. The Securities held by the Sub-Fund may also be over or underweight relative to the Securities in its Index. It is therefore possible that the Sub-Fund may be subject to larger tracking error.

Cross Class Liability Risk. The Trust Deed allows the Trustee and the Manager to issue Units in separate classes. The Trust Deed provides for the manner in which liabilities are to be attributed across the various classes within the Sub-Fund (liabilities are to be attributed to the specific class of the Sub-Fund 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 class (in the absence of the Trustee granting that person a security interest). However, the Trustee will have a right of reimbursement and indemnity out of the assets of the Trust which may result in Unitholders of 1 class of Units of the Sub-Fund being compelled to bear the liabilities incurred in respect of another class of the Sub-Fund which Units such Unitholders do not themselves own if there are insufficient assets attributable to that other class to satisfy the amount due to the Trustee. Accordingly, there is a risk that liabilities of 1 class of the Sub-Fund may not be limited to that particular class and may be required to be paid out of one or more other classes of the Sub-Fund.

Cross Sub-Fund Liability Risk. The assets and liabilities of each sub-fund under the Trust will be tracked, for bookkeeping purposes, separately from the assets and liabilities of any other sub-funds under the Trust, and the Trust Deed provides that the assets of each sub-fund should be segregated from each other. There is no guarantee that the courts of any jurisdiction will respect the limitations on liability and that the assets of any particular sub-fund will not be used to satisfy the liabilities of any other sub-fund.

Market Trading Risks Associated with the Sub-Fund

New Product Risk. The Sub-Fund is one of the first PRC Treasury Bond ETFs listed on the SEHK. Whilst other Securities (such as units in real estate investment trusts) and RQFII ETFs denominated in RMB have been listed and traded on the SEHK, the Sub-Fund is the first open-ended collective investment scheme which tracks a Treasury Bond index denominated in RMB and which operates in RMB. As such the Manager, the Trustee and certain service providers connected to the Sub-Fund have no operating experience with regard to a PRC Treasury Bond ETF. The listing, trading and settlement of RMB denominated Securities have not been done very much in Hong Kong and there is no assurance that there will not be problem with the systems or that other logistical problems will not arise. In case of any such problem, there can be no assurance that the listing, trading and settlement of Units will be capable of being implemented as envisaged.

Unit Liquidity Risk. Because RMB counter Units are traded in RMB, such Units may be inherently less liquid than other Securities which are listed on the SEHK, including other ETFs, due to the relatively limited supply of RMB (CNH) outside the PRC as well as levels of demand for RMB cash and greater barriers for investors generally in trading RMB denominated SEHK listed products.

Dual Counter Risks. The SEHK's Dual Counter model in Hong Kong is relatively new. It may make investment in the Units riskier than in single counter units or shares of an SEHK listed issuer for example where for some reason there is a settlement failure on an inter-counter transfer if the Units of 1 counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfers of Units between the HKD counter and the RMB counter due to, for example, operational or systems interruption, Unitholders will only be able to trade their Units in the currency of the relevant counter. Accordingly it should be noted that the inter-counter transfers may not always be available. There is a risk that the market price on the SEHK of Units traded in HKD may deviate significantly from the market price on the SEHK of Units traded in RMB due to market liquidity, supply and demand in each counter and the exchange rate between the RMB and the HKD (in both the onshore and the offshore markets). The trading price of HKD traded Units or RMB traded Units is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly when selling Units traded in HKD or buying Units traded in HKD, an investor may receive less or pay more than the equivalent amount in RMB if the trade of the relevant Units is in RMB and vice versa. There can be no assurance that the price of Units in each counter will be equivalent.

Investors without RMB accounts may buy and sell HKD traded Units only. Such investors will not be able to buy or sell RMB traded Units and should note that distributions are made in RMB only. As such investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their dividend.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Units in 1 counter and to sell Units in the other, (ii) carry out inter-counter transfers of Units, or (iii) trade Units in both counters at the same time. In such a case another broker or CCASS participant may need to be used. Accordingly this may inhibit or delay an investor dealing in both HKD traded and RMB traded Units and may mean investors may only be able to sell their Units in 1 currency. Investors are recommended to check the readiness of their brokers in respect of the Dual Counter trading and inter-counter transfer.

Absence of Active Market and Liquidity Risks. Although Units of the Sub-Fund 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 which comprise the Sub-Fund themselves 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 a Unitholder needs to sell its Units at a time when no active market for them exists, the price it receives for its Units – assuming it is able to sell them – is likely to be lower than the price received if an active market did exist.

Secondary Market Trading Risk. Units in the Sub-Fund may trade on the SEHK when the Sub-Fund 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 Sub-Fund accepts subscription and redemption orders.

Reliance on the Manager Risk. Although the Manager has experience of managing exchange traded funds, including 1 exchange traded fund trading on the SEHK in RMB and has experience in managing unlisted PRC bond funds, the Manager has no experience of managing exchange traded funds which invest directly in the PRC Treasury Bond market. As such the ability of the Sub-Fund to achieve its investment objective may be adversely effected.

Unitholders must rely upon the Manager in formulating the investment strategies of the Sub-Fund and the performance of the Sub-Fund is largely dependent on the services and skills of its officers and employees as well as the utilisation of its RQFII quota. 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, qualifications and RQFII quota quickly (or at all) and the new appointment may not be on equivalent terms or of similar quality.

Reliance on Market Makers Risk. Although the Manager will ensure that at least 1 Market Maker will maintain a market for the Units traded in each counter, and that at least 1 market maker for each counter gives not less than 3 months' notice prior to terminating market making under the relevant market making agreement, 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 the Sub-Fund. It should be noted that liquidity in the market for the Units may be adversely affected if there is no Market Maker for the RMB traded Units or no Market Maker for the HKD traded Units. There may be less interest by potential Market Makers in making a market in Units denominated or traded in RMB. Further, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for RMB traded Units. It is possible that there is only 1 SEHK Market Maker to a counter or to the Sub-Fund or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker. Further, due to the lack of hedging tools such as treasury bond futures, it may be more difficult for the Manager to engage a substitute Market Maker and therefore the risk of not being able to identify and engage a substitute market maker is higher than that of other ETFs that invest in more liquid Securities and developed markets. There is also no guarantee that any market making activity will be effective.

Reliance on Participating Dealers. 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

Sub-Fund or disposal of the Sub-Fund's Securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be only 1 Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely.

Effect of Redemptions Risk. If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the Sub-Fund'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 the Sub-Fund then in issue (or such higher percentage as the Manager may determine) 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 the Sub-Fund 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. The trading price of Units on the SEHK is subject to market forces and may trade at a substantial premium or discount to the most recent Net Asset Value. The Net Asset Value per Unit is calculated at the end of each Business Day and fluctuates with changes in the market value of the 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. Any of these factors may lead to the Units trading at a premium or discount to the Net Asset Value in the secondary market. On the basis that Units can be created and redeemed in Application Unit Size 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 Sub-Fund's next calculated Net Asset Value, trading prices are not expected to correlate exactly with the Net Asset Value of the Sub-Fund 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.

Termination Risk. The Sub-Fund may be terminated early under certain circumstances as set out in the section "Termination", for example where the Index is no longer available for benchmarking or if the size of the Sub-Fund falls below RMB150 million. Upon the Sub-Fund being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the Sub-Fund to the Unitholders in accordance with the Trust Deed. Any such amount distributed may be more or less than the capital invested by the Unitholder. A Unitholder who purchases Units at a time when the market price is at a premium to Net Asset Value may therefore be unable to recover the premium in the event the Sub-Fund is terminated.

Borrowing risks. The Trustee, at the request of the Manager, may borrow for the account of the Sub-Fund (up to 25% of the Net Asset Value of the Sub-Fund) for various reasons, such as facilitating redemptions or to acquire investments for the account of the Sub-Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of the Sub-Fund 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 the Sub-Fund will be able to borrow on favourable terms, or that the Sub-Fund's indebtedness will be accessible or be able to be refinanced by the Sub-Fund at any time.

Cost of Trading Units Risk. Buying or selling Units involves various types of costs that apply to all Securities transactions. When trading Units through a broker investors will incur a brokerage commission or other charges imposed by the broker. In addition, investors on the secondary market, will also incur the cost of the trading spread, which is the difference between what investors are willing to pay for the Units (bid price) and the price 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 regularly making small investments. 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.

Suspension of Trading Risk. Investors and potential investors will not be able to buy, nor will investors be able to 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 in the interests of a fair and orderly market to protect investors. The Manager may, in accordance with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, request for the trading of Units to be suspended. Any such suspension would depend on the SEHK's agreement to the suspension. The subscription and redemption of Units may also be suspended if the trading of Units is suspended.

Insufficiency of Duties and Charges Risk. A preset spread, included in Duties and Charges, related to subscription or redemption price calculation in a cash creation or cash redemption may be determined prior to trading of the underlying Securities to cover estimated trading costs. If such spread is narrower than the actual associated trading costs, the Net Asset Value of the Sub-Fund will be adversely affected.

Non-guaranteed Investment Risk. The Sub-Fund is not principal guaranteed and the purchase of Units is not the same as investing directly in the Index Securities comprised in the Index. The instruments invested by the Sub-Fund may fall in value and therefore investments in the Sub-Fund may suffer losses.

Risks Associated with the Index

The Index is Subject to Fluctuations Risk. The performance of the Units should, before expenses, correspond closely with the performance of the Index. If the Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

Composition of and Weightings in the Index May Change Risk. The companies which comprise the Index are changed by the Index Provider from time to time. The price of the Units may rise or fall as a result of such changes. The weighting or composition of the Securities owned by the Sub-Fund would be changed as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the Units.

Licence to use Index May be Terminated Risk. The Manager is granted a licence by the Index Provider to use the Index to create the Sub-Fund based on the Index and to use certain trade marks and any copyright in the Index. The Sub-Fund may not be able to fulfill its objective and may be terminated if the licence agreement is not renewed after its initial 3 year term, or terminated early by mutual agreement of the Index Provider and the Manager with not less than 30 days' notice. The Sub-Fund may also be terminated if the Index Provider has given 90 days' prior written notice to the Manager to cease to compile or publish the Index and there is no replacement Index using the same or substantially similar formula for the method of calculation as used in calculating the Index. The Index Provider and the Manager (and its Connected Persons) are independent of each another.

Compilation of Index Risk. The Securities of the Index are determined and composed by the Index Provider without regard to the performance of the Sub-Fund. The Sub-Fund is not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider does not make any representation or warranty, express or implied, to investors in the Sub-Fund or other persons regarding the advisability of investing in Securities generally or in the Sub-Fund particularly. The Index Provider has no obligation to take the needs of the Manager or investors in the Sub-Fund into consideration in determining, composing or calculating the Index.

There is no assurance that the Index Provider will compile the Index accurately, or that the Index will be determined, composed or calculated accurately and index providers do not generally provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of their benchmark indices, nor any guarantee that the published indices will be in line with their described benchmark index methodologies. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, in particular where the indices are less commonly used. During a period where the Index contains incorrect constituents, the Sub-Fund tracking such published Index would have market exposure to such constituents. As such, errors may potentially result in a negative or positive performance impact to the Sub-Fund and the Unitholders.

Apart from scheduled rebalances, the Index Provider may carry out additional ad hoc rebalances to their benchmark indices in order, for example, to correct an error in the selection of index constituents. Where the Index of the Sub-Fund is rebalanced and the Sub-Fund in turn rebalances its portfolio to bring it in line with its Index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne by the Sub-Fund and, by extension, its Unitholders.

Therefore, errors and additional ad hoc rebalances carried out by the Index Provider to the Index may increase the costs and market exposure risk of the Sub-Fund.

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 Provider without notice. Consequently there can be no guarantee that the actions of the Index Provider will not prejudice the interests of the Sub-Fund, the Manager or investors.

Regulatory Risks

Withdrawal of SFC Authorisation Risk. The Sub-Fund has been authorised as a collective investment scheme under the Code by the SFC pursuant to Section 104 of the SFO. Authorisation by the SFC is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of a product or its performance. It does not mean the Sub-Fund 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 Sub-Fund or impose such conditions as it considers appropriate. Without limiting the foregoing, the SFC may withdraw authorisation where the SFC no longer considers the Index acceptable. If the Manager does not wish the Sub-Fund to continue to be authorised by the SFC, the Manager will give Unitholders at least 3 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 which may be withdrawn or varied by the SFC. If as a result of such withdrawal or variation of conditions it becomes illegal, impractical or inadvisable to continue the Sub-Fund, the Sub-Fund will be terminated.

Hong Kong and PRC Regulatory Policies Risk. The Hong Kong or PRC government or the Hong Kong or PRC regulators may intervene in the financial markets. These changes may be introduced suddenly and in accordance with market conditions. Such changes may have a negative impact on existing funds such as the Sub-Fund including without limitation, an adverse cost impact which may materially prejudice existing investors of the Sub-Fund. Further, any such change in policies may also negatively impact the incentive of the counterparties to participate in the Sub-Fund and thereby decreasing the liquidity of the Sub-Fund. In order to maintain its authorisation status and to continue to list on the SEHK, the Sub-Fund will be required to comply with such rules and policies at all times. To the extent that any such change in rules or policies adversely impact the Sub-Fund, investors may suffer accordingly.

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 the Sub-Fund 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 Sub-Fund. Where the Sub-Fund remains authorised by the SFC, such procedures required by the Code will be observed by the Manager.

Legal and Regulatory Risk. Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund. The Sub-Fund 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 Sub-Fund. 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 Sub-Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for any Sub-Fund. In the worst case scenario, a Unitholder may lose all its investments in the Sub-Fund.

Taxation Risk. Investing in the Sub-Fund 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.

Risk Factors Relating to the PRC

Country Concentration Risk. The exposure of the Sub-Fund is concentrated in the PRC and may be more volatile than funds adopting a more diversified strategy. The Index is concentrated in PRC Treasury Bonds and so the Sub-Fund may be adversely affected by the performance of those Securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory event affecting the PRC generally.

PRC Economic, Political and Social Conditions as well as Government Policies Risk. The economy of the PRC, 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 are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of the PRC and a high level of management autonomy. The economy of the PRC has experienced significant growth in the past 20 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 government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the PRC government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the PRC. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the PRC 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 as well as the underlying Securities of the Sub-Fund. Further, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may also have an adverse impact on the capital growth and performance of the Sub-Fund.

Political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions affecting the market for PRC Treasury Bonds.

PRC Laws and Regulations Risk. The PRC legal system is based on written statutes and their interpretation by the Supreme People's Court. Prior court decisions may be cited for reference but have no precedent value. Since 1979, the PRC government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organisation and governance, commerce taxation and trade. Two examples are the promulgation of the Contract Law of the PRC to unify the various economic contract laws into a single code, which went into effect on 1 October 1999, and the Securities Law of the PRC, which went into effect on 1 July 1999. However, because these 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 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 Sub-Fund may invest in Securities in respect of which the PRC imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the Sub-Fund and may affect the Sub-Fund's achievement of its investment objective.

Legal and Compliance Risk. Domestic and/or international laws or regulations may change in a way that adversely affects the Sub-Fund. Differences in laws between jurisdictions (i.e. Hong Kong and the PRC) may make it difficult for the Trustee or Manager to enforce legal agreements entered into in respect of the Sub-Fund. 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 Sub-Fund.

Legal System of the PRC Risk. The legal system of the PRC is based on written laws and regulations. Despite the PRC government's effort in improving the commercial laws and regulations, many of these laws and regulations are still at an experimental stage and the implementation of such laws and regulations remains unclear.

Potential Market Volatility Risk. Investors should note that the inter-bank bond market, the Shanghai Stock Exchange and the Shenzhen Stock Exchange in which the treasury bonds are traded are undergoing development. Market volatility may result in significant fluctuation in the prices of treasury bonds traded on such markets and thereby changes in the Net Asset Value of the Sub-Fund.

Accounting and Reporting Standards Risk. Accounting, auditing and financial reporting standards and practices applicable to PRC 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.

Valuation and Accounting Risk. Investors should note that, under IFRS, establishment costs should be expensed as incurred. However for the purpose of calculating of net asset value for subscription and redemption purposes, establishment costs are to be amortised over a period of five years, which may lead to a different valuation had the accounting been in accordance with IFRS. The Manager has considered the impact of such non-compliance and does not expect this issue to affect the results and the calculation of the Net Asset Value of the Sub-Fund materially. To the extent that the valuation or accounting basis adopted by the Sub-Fund 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 annual accounts, including a reconciliation note to reconcile values arrived at by applying the Trust's valuation rules.

Taxation in the PRC Risk. The PRC 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 Sub-Fund's return.

PRC withholding taxation risk. In light of the uncertainty on the income tax treatment on capital gains derived by QFIIs or RQFIIs from the trading of PRC Securities and in order to meet this potential tax liability for capital gains, the Manager reserves the right to provide for withholding income tax ("WIT") on such gains or income and withhold the tax for the account of the Sub-Fund. The Manager will at present make a provision of 10% for the account of the Sub-Fund in respect of any potential WIT on capital gains. The Manager will further assess and seek to ascertain the Hong Kong tax resident status of the Sub-Fund for exemption from WIT on capital gains arising from disposal of PRC Securities under the avoidance of double taxation arrangements between Mainland China and Hong Kong (the "China-HK Arrangements") and will revisit if a lower or nil provision for the account of the Sub-Fund in respect of any potential WIT on capital gains should be required. The amount of actual provision will be disclosed in the accounts of the Sub-Fund.

Investors should note that such provision may be excessive or inadequate to meet actual PRC tax liabilities on investments made by the Sub-Fund. As a result, investors may be advantaged or disadvantaged depending on the final rules of the relevant PRC tax authorities. In addition, the Manager intends to make relevant provision on interest from PRC Securities if the WIT is not withheld at source at the time when such income is received. It should also be noted that the actual applicable tax rates imposed by SAT may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Manager may be excessive or inadequate to meet final PRC tax liabilities. Consequently, Unitholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If the actual applicable tax rate levied by SAT is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the tax provision amount as the Sub-Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the actual applicable tax rate levied by SAT is lower than that provided for by the Manager so that there is an excess in the tax provision amount, Unitholders who have redeemed their Units before SAT's ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Manager's overprovision. In this case, the then existing and new Unitholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Sub-Fund as assets thereof. Notwithstanding the above provisions, Unitholders who have already redeemed their Units in the Sub-Fund before the return of any overprovision to the account of the Sub-Fund will not be entitled or have any right to claim any part of such overprovision. Please refer to the sub-section on "PRC Taxation" for further information in this regard.

MANAGEMENT OF THE TRUST

The Manager

The Manager is CSOP Asset Management Limited.

The Manager was established in January 2008 and is licensed to carry on Types 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 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 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 Chen Ding, Liangyu Gao, Changkui Qin, Gaobo Zhang, Benoit Descourtieux, Wenge Bao and Guolu Qiu.

Chen Ding

Ms. Ding joined CSOP Asset Management Limited in 2010 and is the Chief Executive Officer and Chief Investment 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., one of the largest fund management companies in China with assets under management of RMB160 billion (as at 30 June 2013), where she was accountable for international strategic planning, fund product development and relationship management with various distribution channels and industry regulators for the company. She established and managed the first QDII mutual fund – the China Southern International Select Allocation Fund (assets under management RMB10 billion as at 30 June 2012), which she was also a member of the Investment Management Committee, from 2007 to June 2013. She was responsible for setting the 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. She supervised five portfolio managers and two analysts.

Ms. Ding is a Director of Sino Investment Fund Association Limited, which promotes professional standards of practice in the fund management industry.

Ms. Ding is also the Director of the Chinese Securities Association of Hong Kong Company Limited, and she was appointed under authority delegated by the Chief Executive and the Financial Secretary, as a member to the Securities and Futures Appeals Tribunal as of 1 April 2013.

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. 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 China Chengdu Science and Technology University in the PRC.

Liangyu Gao

Mr. Gao is the Chief Executive Officer of China Southern Asset Management Co. Ltd. where he has overall responsibility for its business. He joined CSOP Asset Management Limited in 2008.

Prior to joining China Southern Asset Management Co. Ltd., Mr. Gao served as Deputy Director of Department of Public Offering Supervision of the CSRC.

Mr. Gao holds a Master's Degree in Economics from the Graduate School of the People's Bank of China in the PRC and is an economist.

Changkui Qin

Mr. Qin is the Supervision Officer of China Southern Asset Management Co. Ltd. where he is responsible for supervising its compliance functions to ensure that it complies with applicable legal and regulatory requirements. He joined the Manager in 2008.

Prior to joining China Southern Asset Management Co. Ltd., Mr. Qin worked for Huatai Securities Co. Ltd where he served as the Deputy General Manager and the General Manager of Business Department.

Mr. Qin holds a Master's Degree in Business Administration from China Europe International Business School in the PRC.

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. Mr. Zhang was appointed as an executive director and the Chief Executive Officer of OP Financial Investments Limited, a company listed on the SEHK, in February 2003. He joined the Manager 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 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 in the United Kingdom.

Mr. Zhang obtained a Bachelor's degree in Science from Henan University in the PRC in 1985 and later graduated from the Peking University in the PRC with a Master's degree in Economics in 1988.

Benoit Descourtieux

Mr. Descourtieux is a founder, President, responsible officer and a director at OP Investment Management Limited ("OPIM"), an alternative independent investment manager established in Hong Kong in 2003. He has been working in asset management industry since 1986 and has resided in Asia since 1987. He joined the Manager in 2008.

Before setting up OPIM, Mr. Descourtieux was President and the Chief Executive Officer for Lombard Odier (Asia) Limited from 1999 to July 2003 acting as office head and Chief Investment Officer.

Prior to that he was from 1997 to 1999 an Associate Director at Indocam Asset Management, the Asian investment arm of Credit Agricole Asset Management, managing equity, fixed income and balanced products with both an absolute return and a benchmark focus.

Wenge Bao

Mr. Bao is an Assistant General Manager of China Southern Asset Management Co. Ltd. where he is responsible for supervising its operation and finance issues.

Prior to joining China Southern Asset Management Co. Ltd., Mr. Bao served as an Assistant General Manager of the investment banking department and finance planning department in China Southern Securities Co., Ltd. He joined the Manager in 2010.

Mr. Bao holds a Master's Degree from the Graduate School of the Research Institute for Fiscal Science, Ministry of Finance of the PRC.

Guolu Qiu

Mr. Qiu is the Chief Investment Officer of China Southern Asset Management Co. Ltd. where he oversees the overall research and investments of the company. He joined the Manager in 2010.

Previously, Mr. Qiu was Portfolio Manager at Plinthos Capital, Partner at Altair Navigator Management, and Partner at Wedge Capital Management.

Mr. Qiu holds the Chartered Financial Analyst designation and a Master's degree in Economics from Tufts University, United States and a Master's degree in Finance from University of Rochester, United States.

The Trustee and Registrar

The Trustee of the Trust is HSBC Institutional Trust Services (Asia) Limited. The Trustee also acts as the Registrar of the Sub-Fund, and provides services in respect of the establishment and maintenance of the register of the Unitholders.

The Trustee was incorporated with limited liability in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) and approved by the Mandatory Provident Funds Scheme Authority as trustee of registered MPF Schemes under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). HSBC Institutional Trust Services (Asia) Limited is an indirectly wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, which is a bank licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Trust and the Sub-Fund, 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 or agent, all or any of the investments, assets or other property comprised in the Trust Fund or any of the sub-funds and may empower any such custodian, nominee or agent to appoint, with the prior consent in writing of the Trustee, co-custodians and/or sub-custodians (each such custodian, nominee, agent, co-custodian and sub-custodian a "Correspondent"). The Trustee is required to (a) exercise reasonable care and diligence in the selection, appointment and on-going monitoring of Correspondents and (b) be satisfied that Correspondents retained remain suitably qualified and competent to provide the relevant custodial services to the Sub-Fund(s). The Trustee shall be responsible 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. For the purpose of the foregoing "Correspondent" shall include the Custodian and the PRC Custodian. The PRC Custodian is HSBC Bank (China) Company Limited (please see below). As of the date of this Prospectus, the PRC Custodian is a Connected Person of the Trustee.

The Trustee shall not be liable for: (i) 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; or (ii) the custody or control of any investments, assets or other property which is under the custody or held by or on behalf of a lender in respect of any borrowing made by the Trustee for the purposes of the Trust or the Sub-Fund.

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 Sub-Fund.

Subject as provided in the Trust Deed, the Trustee is entitled to be indemnified from the assets of the Trust and/or the Sub-Fund 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 the Sub-Fund. Subject to applicable law and the provisions of the Trust Deed, the Trustee shall not, in the absence of breaches of trust through fraud or negligence on the part of the Trustee or any agent, sub-custodian or delegate appointed by the Trustee for which the Trustee would be liable under the Trust Deed, be liable for any losses, costs or damage to the Trust, the Sub-Fund 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 Sub-Fund, which is the sole responsibility of the Manager.

The Trustee will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control (the "OFAC") of the US Department of the Treasury. The OFAC administers and enforces economic sanction programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers by using the blocking of assets and trade restrictions to accomplish foreign policy and national security goals. In enforcing economic sanctions, OFAC acts to prevent "prohibited transactions," which are described by OFAC as trade or financial transactions and other dealings in which US persons may not engage unless authorised by OFAC or expressly exempted by statute. OFAC has the authority to grant exemptions to prohibitions on such transactions, either by issuing a general licence for certain categories of transactions, or by specific licences issued on a case-by-case basis. HSBC group of companies has adopted a policy of compliance with the sanctions issued by OFAC. As part of its policy, the Trustee may request for additional information if deemed necessary.

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 out in "Fees and expenses payable by the Sub-Fund" in the "Fees and Expenses" section 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 the Sub-Fund 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 Sub-Fund, and they are not responsible for the preparation or issue of this Prospectus other than the description under "The Trustee and Registrar" in the "Management of the Trust" section.

Where the Sub-Fund invests directly into the PRC's securities markets pursuant to the RQFII regime, the Trustee has put in place proper arrangements to ensure that:

(a) the Trustee takes into its custody or under its control the assets of the Sub-Fund, including onshore PRC assets which will be maintained by the PRC Custodian in electronic form via a securities account with the CCDC and any assets deposited in a cash account with the PRC Custodian, and holds the same in trust for the relevant Unitholders;

(b) cash and registrable assets of the Sub-Fund, including assets deposited in the securities account with the CCDC and cash of any Sub-Fund held by the PRC Custodian, are registered in the name of or held to the order of the Trustee; and

(c) the PRC Custodian will look to the Trustee for instructions and solely act in accordance with the Trustee's instructions as provided under the PRC Participation Agreement.

The Custodian and PRC Custodian

The Hongkong and Shanghai Banking Corporation Limited has been appointed to act through its delegate as the Custodian. The Custodian and the PRC Custodian will be responsible for the safe custody of the assets managed by the Manager and acquired in connection with its RQFII quota within the PRC under the RQFII scheme in accordance with the PRC Custody Agreement. According to the PRC Custody Agreement, the Custodian is entitled to utilise its local subsidiary or its associates within the HSBC group of companies, which as of the date of the PRC Custody Agreement is the PRC Custodian (i.e. HSBC Bank (China) Company Limited), as its delegate for the performance of services under the PRC Custody Agreement. The Custodian will act through its delegate (i.e. HSBC Bank (China) Company Limited), the PRC Custodian, and remains responsible for any acts and omission of the PRC Custodian.

Neither the Custodian nor the PRC Custodian is responsible for the preparation of this Prospectus and they accept no responsibility or liability for the information contained here other than the description under the section "The Custodian and the PRC Custodian".

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, the Registrar, the Participating Dealers, 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 the Sub-Fund by Participating Dealers.

The Auditor

The Manager has appointed PricewaterhouseCoopers to act as the auditor of the Trust and each of the Sub-Funds ("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. The latest list of the Participating Dealers is available at http://www.csopasset.com/rmb-bond-etf.

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 ensure that there is at least 1 Market Maker for Units traded in RMB and 1 Market Maker for Units traded in HKD on the listing date on the SEHK and after listing. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager will endeavour to ensure that there is at least 1 other Market Maker to facilitate the efficient trading of Units in RMB and 1 other Market Maker to facilitate the efficient trading of Units in HKD. The Manager will ensure that at least 1 Market Maker per counter is required to give not less than 3 months' prior notice to terminate market making under the relevant market making agreement. The latest list of Market Makers is available at www.hkex.com.hk.

The Listing Agent

Oriental Patron Asia Limited has been appointed by the Manager as the Listing Agent for the Sub-Fund in accordance with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited in respect of the Sub-Fund'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 license under the SFO with CE Number ABD082.

Conflicts of Interest

The Manager, the Trustee, the Custodian and the PRC Custodian 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 Sub-Fund or any other sub-fund of the Trust.

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, the Manager or the Registrar 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 the Sub-Fund or any other sub-fund. 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, the Manager, the Sub Adviser, the Registrar 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 the Sub-Fund) 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 Sub-Fund. The Manager (as well any of its Connected Persons) will not retain any cash rebates from any broker or dealer.

Reports and Accounts

The financial year-end of the Trust and the Sub-Fund is 31 December every year, commencing 31 December 2014. Audited accounts are to be prepared (according to IFRS) and published on the Manager's website within 4 months of each financial year-end. Half-yearly unaudited reports are also to be prepared up to the last Dealing Day in June of each year and published on the Manager's website within 2 months of such date. Once these reports are made available on the Manager's website, investors will be notified within the relevant timeframe.

The first audited accounts and the first half-yearly unaudited reports will be for the period ending 31 December 2014 and 30 June 2014 respectively.

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

Trust Deed

The Trust and the Sub-Fund 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 Sub-Fund. Nothing in any of the provisions of 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's expense.

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 Sub-Fund; (ii) is necessary in order to make possible compliance with any fiscal, statutory 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 require the sanction of an extraordinary resolution of the Unitholders affected. The SFC must, where applicable, also give its prior approval to 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 Sub-Fund

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

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/rmb-bond-etf and HKEx'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 Sub-Fund 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; (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily; (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; (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; (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 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 1 year from the date of the Trust Deed, the aggregate Net Asset Value of all the units in the sub-fund(s) of the Trust is less than RMB150 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 the Sub-Fund if: (i) after 1 year from the date of establishment of the Sub-Fund, the aggregate Net Asset Value of all the Units is less than RMB150 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Sub-Fund and which renders the Sub-Fund illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue the Sub-Fund; (iii) its Index is no longer available for benchmarking or if the Units of the Sub-Fund 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 Sub-Fund 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 Sub-Fund by extraordinary resolution.

The Trustee may, in its absolute discretion, by notice in writing to the Manager, terminate the Sub-Fund 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 Sub-Fund; (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 Sub-Fund or has done something calculated to bring the Sub-Fund into disrepute or that is harmful to the interests of Unitholders of the Sub-Fund; or (iii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Sub-Fund and which renders the Sub-Fund illegal or in the good faith opinion of the Trustee makes it impracticable or inadvisable to continue the Sub-Fund.

Notice of the termination of the Trust or the Sub-Fund 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 Sub-Fund and the alternatives available to them, and any other information required by the Code.

Distribution Policy

The Manager may, at its discretion, pay dividend out of capital. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of the capital.

Each Unitholder will receive distributions in RMB (whether holding RMB traded Units or HKD traded Units). In the event that a Unitholder has no RMB account, the Unitholder may have to bear the fees and charges associated with the conversion of such RMB distribution from RMB into HKD. Unitholders are advised to check with their respective brokers concerning arrangements for 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.

Payment of dividends 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 dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Unit.

The composition of dividends payable on the Units (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital), if any, for a rolling 12 month period will be available from the Manager on request and will also be published on the Sub-Fund's website at http://www.csopasset.com/rmb-bond-etf. The Manager may amend the Sub-Fund's distribution policy with respect to the distribution out of capital of the Sub-Fund subject to the SFC's prior approval and by giving not less than 1 month's prior notice to Unitholders.

Inspection of Documents

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof (other than (f)) may be purchased from the Manager at a reasonable price:

(a) Trust Deed;

(b) PRC Custody Agreement;

(c) PRC Participation Agreement;

(d) Service Agreements;

(e) Participation Agreements; and

(f) The most recent annual report and accounts of the Trust and the Sub-Fund (if any) and the most recent interim report of the Trust and the Sub-Fund (if any).

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 Sub-Fund.

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, the Sub-Fund 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 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.

Index Licence Agreement

The Manager has entered into a licence agreement with the Index Provider. The term of the licence agreement commenced on 15 July 2013 and will remain in full force and effect for 3 years. The licence agreement may renew automatically for 1 year terms, subject to the terms of the licence agreement.

Material Changes to the Index

The SFC should be consulted on any events that may affect the acceptability of the Index. Significant events relating to the Index will be notified to the Unitholders 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 the Index

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

(a) the 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 comprised within the Index becomes difficult;

(f) the Index 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 the Sub-Fund if the Index changes or for any other reasons including if licence to use the Index is terminated. Any change to (i) the use by the Sub-Fund of the Index and/or (ii) the name of the Sub-Fund will be notified to investors.

Information Available on the Internet

The Manager will publish important news and information with respect to the Sub-Fund (including in respect of the Index), both in the English and in the Chinese languages, on the Manager's website at http://www.csopasset.com/rmb-bond-etf including:

(a) this Prospectus and the product key fact statement in respect of the Sub-Fund (as revised from time to time);

(b) the latest annual audited accounts and half-yearly unaudited reports (in English only);

(c) any notices for material alterations or additions to this Prospectus or the Sub-Fund's constitutive documents;

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

(e) the near real time estimated Net Asset Value per Unit updated every 15 seconds throughout each Dealing Day in RMB and in HKD;

(f) the last closing Net Asset Value of the Sub-Fund in RMB and the last closing Net Asset Value per Unit of the Sub-Fund in RMB and in HKD;

(g) the composition of the Sub-Fund (updated on a daily basis);

(h) the constituents of the Index and the level of the Index;

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

(j) the compositions of dividends (i.e. the amounts of dividends paid and the percentages of dividends paid out of (i) net distributable income and (ii) capital), if any, for the last 12 months.

The near real time estimated Net Asset Value per Unit in HKD, under (e) above, and the last closing Net Asset Value per Unit in HKD, under (f) above, are indicative and for reference only. The near real time estimated Net Asset Value per Unit in HKD is updated during SEHK trading hours. It does not use a real time HKD:RMB foreign exchange rate – it is calculated using the estimated Net Asset Value per Unit in RMB multiplied by an assumed foreign exchange rate using the fixed CNH exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) on the previous dealing day on which SEHK is open for trading.

Since the estimated Net Asset Value per Unit in RMB will not be updated when the inter-bank bond market is closed, the change to the estimated Net Asset Value per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

The last closing Net Asset Value per Unit in HKD is calculated using the last closing Net Asset Value per Unit in RMB multiplied by assumed foreign exchange rate using the CNH exchange rate quoted by Reuters at 3:00 p.m. (Hong Kong time) on that Dealing Day.

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 website http://www.csopasset.com/rmb-bond-etf or www.chinabond.com.cn. 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
2801-2803, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Trustee
HSBC Institutional Trust Services (Asia) Limited
1 Queen's 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/rmb-bond-etf. 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 Sub-Fund:

Address: 2801-2803, 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.

TAXES

The following summary of Hong Kong and the PRC 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, the PRC and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong and the PRC 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

The Sub-Fund

Profits Tax: As the Trust and the Sub-Fund have been authorised as collective investment schemes by the SFC pursuant to Section 104 of the SFO, profits of the Sub-Fund arising from the sale or disposal of Securities, net investment income received by or accruing to the Sub-Fund and other profits of the Sub-Fund are exempt from Hong Kong profits tax.

Other Taxes: Notwithstanding that profits or income of the Sub-Fund are exempt from Hong Kong profits tax, the Sub-Fund may be subject to tax in certain jurisdictions where investments are made on income or capital gains derived.

Stamp Duty: Hong Kong stamp duty payable on the delivery of Hong Kong stocks by an investor to the Sub-Fund as consideration for an allotment of Units, or by the Sub-Fund to an investor upon redemption of such Units will be remitted, subject to application, under Section 52 of the Stamp Duty Ordinance. No Hong Kong stamp duty is payable by the Sub-Fund on an issue or redemption of Units. Other types of sales or purchases or transfer of Hong Kong stocks, if any, by the Sub-Fund will be liable to Hong Kong stamp duty of 0.1% borne by each of the buyer and seller, of the higher of the consideration amount or market value.

The Unitholders

Profits Tax: Hong Kong profits tax will be imposed on Unitholders carrying on a trade, profession or business in Hong Kong on any gains or profits made on the sale, redemption or other disposal of the Units that are of revenue nature.

Distributions received by Unitholders from their investments in the Units would generally not be chargeable to tax in Hong Kong (whether by way of withholding or otherwise).

Stamp Duty: No Hong Kong stamp duty is payable on the sales or purchases or transfer of the Units by the Unitholders if specific stamp duty remission is obtained. Stamp duty exemption applies if no more than 40% of the underlying stocks of the Sub-Fund are Hong Kong stock.

Immediately before the listing of the Units on the SEHK, an application has been made to and granted by the relevant government bodies for remission of stamp duty payable in respect of the sales or purchases or transfer of Units of the Sub-Fund. However, nominal stamp duty may still be applicable on any instruments of transfer relating to transactions off the exchange in Units of the Sub-Fund.

PRC

By investing in debt instruments issued by the PRC government, irrespective of whether such securities are issued or distributed onshore ("onshore PRC securities") or offshore ("offshore PRC securities", and together with onshore PRC securities, the "PRC Securities"), the Sub-Fund may be subject to PRC taxes.

Corporate Income Tax:

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

The Manager and the Trustee intend to manage and operate the Trust and each Sub-Fund in such a manner that the Trust and each Sub-Fund should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with a PE in the PRC for CIT purposes, although this cannot be guaranteed.

Interest income – Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-tax resident enterprises without PE in the PRC are subject to CIT on a withholding basis ("WIT"), generally at a rate of 10%, to the extent it directly derives PRC sourced passive income. PRC sourced passive income (such as dividend income or interest income) may arise from investments in the PRC Securities. Accordingly, the Trust or the Sub-Fund may be subject to WIT and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC Securities. Under the PRC CIT Law, interests derived from government bonds issued by the in-charge Finance Bureau of the State Council (which include the PRC Treasury Bonds) are exempt from PRC WIT. The Manager intends to make relevant provision on interest from PRC Securities if the WIT is not withheld at source at the time when such income is received.

Under current regulations in the PRC, foreign investors (such as the Trust and the Sub-Fund) may invest in onshore PRC securities, generally, only through a QFII or a RQFII. Since only the QFII or the RQFII's interests in onshore PRC securities are recognised under PRC laws, any tax liability would, if it arises, be payable by the QFII or the RQFII. However under the terms of the arrangement between the QFII or the RQFII and the Trust, the QFII or the RQFII will pass on any tax liability to the Trust for the account of the Sub-Fund. As such, the Trust is the ultimate party which bears the risks relating to any PRC taxes which are so levied by the relevant PRC tax authority. Under current PRC tax laws and regulations, a QFII or a RQFII is subject to a WIT of 10% on cash dividends, distributions and interest from the PRC Securities unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

Under the Arrangement between the Mainland 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 "Arrangement"), if a Hong Kong tax resident derives interest income from the PRC, the WIT rate can be reduced to 7% provided that the Hong Kong tax resident is the beneficial owner of the interest income under the Arrangement, subject to the approval of the PRC tax authorities. However, there are still uncertainties as to how the PRC tax authorities will assess the beneficial ownership issue for investment fund cases, it is uncertain whether the Sub-Fund can obtain approval from the tax authorities for this preferential rate. If the relevant approval is not obtained, the general rate of 10% will be applicable to the Sub-Fund.

Capital gains – Specific rules governing taxes on capital gains derived by QFIIs or RQFIIs from the trading of PRC Securities have yet to be announced. It is possible that the relevant tax authorities may in the future clarify the tax position on capital gains realised by the Trust or the Sub-Fund dealing in PRC Securities or by a QFII or a RQFII from dealing in onshore PRC securities. In the absence of such specific rules, the income tax treatment should be governed by the general tax provisions of the PRC CIT Law. If the foreign investor is a non-tax resident enterprise without PE in the PRC, a 10% WIT would be imposed on the PRC-sourced capital gains arising from disposal of PRC Securities, unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

In light of the uncertainty on the income tax treatment on capital gains derived by QFIIs or RQFIIs from the trading of PRC Securities and in order to meet this potential tax liability for capital gains, the Manager reserves the right to provide for the WIT on such gains or income and withhold the tax for the account of the Sub-Fund. After taking appropriate tax advice, the Manager will at present make a provision of 10% for the account of the Sub-Fund in respect of any potential WIT on capital gains. The Manager will further assess and seek to ascertain the Hong Kong tax resident status of the Sub-Fund for exemption from WIT on capital gains arising from disposal of PRC Securities under the avoidance of double taxation arrangements between Mainland China and Hong Kong (the "China-HK Arrangements") and will revisit if a lower or nil provision for the account of the Sub-Fund in respect of any potential WIT on capital gains should be required. The amount of actual provision will be disclosed in the accounts of the Sub-Fund. Upon any future resolution of the above-mentioned 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 such provision may be excessive or inadequate to meet actual PRC tax liabilities on investments made by the Sub-Fund. As a result, investors may be advantaged or disadvantaged depending on the final rules of the relevant PRC tax authorities. It should also be noted that the actual applicable tax rates imposed by SAT may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Manager may be excessive or inadequate to meet final PRC tax liabilities. Consequently, Unitholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units.

Business Tax ("BT") and other surtaxes:

The revised PRC Provisional Regulations of Business Tax ("BT Law") which came into effect on 1 January 2009 stipulates that gains derived by taxpayers from the trading of marketable securities would be subject to BT at 5%.

Caishui [2005] 155 states that gains derived by QFIIs from the trading of PRC Securities are exempt from BT. The new PRC BT law which came into effect on 1 January 2009 has not changed this exemption treatment at the time of this Prospectus. However, it is not clear whether a similar exemption would be extended to RQFIIs.

However, for marketable securities other than those trading under QFIIs, the new BT law shall apply to levy BT at 5% on the difference between the selling and buying prices of those marketable securities. Where capital gains are derived from trading of offshore PRC securities, BT in general is not imposed as the purchase and disposal are concluded and completed, and the buyer and seller are normally located outside the PRC.

The new BT law does not specifically exempt BT on interest earned by non-financial institution. Hence, interest on both government and corporate bonds in theory should be subject to 5% BT.

Dividend income or profit distributions on equity investment derived from China are not included in the taxable scope of BT.

If BT 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 BT payable. In addition, there may also be other local levies such as flood prevention fee, commodity reconciliation fund and water conservancy fund, depending on the location of the PRC companies.

Stamp duty:

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in China of certain documents.

It should also be noted that the actual applicable tax rates imposed by the State Administration of Taxation ("SAT") may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Manager may be excessive or inadequate to meet final PRC tax liabilities. Consequently, Unitholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units.

If the actual applicable tax rate levied by SAT is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the tax provision amount as the Sub-Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the actual applicable tax rate levied by SAT is lower than that provided for by the Manager so that there is an excess in the tax provision amount, Unitholders who have redeemed their Units before SAT's ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Manager's overprovision. In this case, the then existing and new Unitholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Sub-Fund as assets thereof.

Unitholders should seek their own tax advice on their tax position with regard to their investment in any Sub-Fund.

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

SCHEDULE 1

INVESTMENT RESTRICTIONS, SECURITIES LENDING AND BORROWING

General

If any of the restrictions or limitations set out in this Schedule 1 is breached, 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.

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 the scheme was authorised.

Investment Restrictions

The investment restrictions applicable to the Sub-Fund that are included in the Trust Deed are summarised below:–

(a) not more than 10% of the Net Asset Value of the Sub-Fund may be invested in Securities (other than Government and other Public Securities) issued by any single issuer (save as permitted by Chapter 8.6(h) and as varied by paragraph 11 of Appendix I (Guidelines for regulating index tracking exchange traded funds) of the Code (see the Note below));

(b) Securities of a single class (other than Government and other Public Securities) held for the account of the Sub-Fund, when aggregated with other holdings of the same class of Securities held for the account of all other sub-funds under the Trust collectively may not exceed 10% of the nominal amount of the Securities issued by a single issuer;

(c) not more than 15% of the Net Asset Value of the Sub-Fund may be invested in Securities which 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;

(d) except as permitted by the Code, not more than 30% of the Net Asset Value of the Sub-Fund may be invested in Government and other Public Securities of the same issue;

(e) subject to (d) and the Code, the Sub-Fund may invest all of its assets in Government and other Public Securities in at least 6 different issues;

(f) the Sub-Fund may enter into financial futures contracts for hedging purposes;

(g) not more than 20% of the Net Asset Value of the Sub-Fund may be invested in (i) futures contracts on an unhedged basis (by reference to the net total aggregate value of contract prices, whether payable to or by the Sub-Fund under all outstanding futures contracts) and (ii) physical commodities (including gold, silver, platinum or other bullion) and other commodity-based investments (excluding, for this purpose, Securities of companies engaged in producing, processing or trading in commodities);

(h) the value of warrants and options held for the account of the Sub-Fund, in terms of the total amount of premium paid (other than for hedging purposes), may not exceed 15% of the Net Asset Value of the Sub-Fund; and

(i) where the Sub-Fund invests in units or shares of other collective investment schemes ("underlying schemes"),

  (i) the value of units or shares in underlying schemes which are neither recognised jurisdiction schemes (as determined by the SFC) nor authorised by the SFC, held for the account of the Sub-Fund, may not exceed 10% of the Net Asset Value of the Sub-Fund; and

  (ii) the Sub-Fund may invest in 1 or more underlying schemes which are either recognised jurisdiction schemes or schemes authorised by the SFC, but the value of the units or shares held for the account of the Sub-Fund in each such underlying scheme may not exceed 30% of the Net Asset Value of the Sub-Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the offering document of the Sub-Fund,

  provided that:

  (1) 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 holdings may not be in contravention of the relevant limitation;

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

  (3) the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the management company of an underlying scheme,

save to the extent that any of the above holdings is permitted under the Code.

The Sub-Fund shall not:

(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));

(c) make short sales if as a result the Sub-Fund would be required to deliver Securities exceeding 10% of the Net Asset Value of the Sub-Fund (and for this purpose Securities sold short must be actively traded on a market where short selling is permitted);

(d) write uncovered options;

(e) write a call option on portfolio investments of the Sub-Fund if the aggregate of the exercise prices of all such call options written in respect of the Sub-Fund would exceed 25% of the Net Asset Value of the Sub-Fund;

(f) lend or make a loan out of the assets of the Sub-Fund without the prior written consent of the Trustee except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;

(g) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person without the prior written consent of the Trustee;

(h) enter into any obligation in respect of the Sub-Fund or acquire any asset for the account of the Sub-Fund which involves the assumption of any liability which is unlimited; or

(i) apply any part of the Sub-Fund 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 unless such call could be met in full out of cash or near cash forming part of the Sub-Fund which has not been appropriated and set aside for any other purposes (including in respect of any writing of call options).

Notes: The investment restrictions set out above apply to the Sub-Fund, subject to the following:–

(a) By adopting a representative sampling strategy the Manager may invest directly in Securities outside the Index. The Manager may do so for reasons including liquidity and cost. The Manager will only invest in Securities which are not included in the Index provided the sample closely reflects the overall characteristics of the Index.

(b) Chapters 7.4 and 7.5 of the Code applies to the Sub-Fund such that:

(i) Not more than 30% of the Net Asset Value of the Sub-Fund may be invested in Government and other Public Securities of the same issue; and

(ii) Subject to Chapter 7.4 of the Code, the Sub-Fund may invest all of its assets in Government and other Public Securities in at least 6 different issues.

(c) "Government and other Public Securities" means any investment issued by, or the payment of principal and interest on, which is guaranteed by the government of any member state of the Organisation for Economic Co-operation and Development ("**OECD**") or any fixed interest investment issued in any OECD country by a public or local authority or nationalised industry of any OECD country or anywhere in the world by any other body which is, in the opinion of the Trustee, of similar standing. Government and other Public Securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

Security Lending

There is no current intention for the Sub-Fund to engage in securities lending, repurchase transaction or other similar over-the-counter transactions, but this may change in light of market circumstances and where the Sub-Fund does engage in these types of transactions, prior approval shall be obtained from the SFC and no less than 1 month's prior notice will be given to the Unitholders.

Borrowing Policy

Borrowing against the assets of the Sub-Fund is allowed up to a maximum of 25% of its latest available Net Asset Value. The Trustee may at the request of the Manager borrow for the account of the Sub-Fund any currency, and charge or pledge assets of the Sub-Fund, 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 Sub-Fund; or

(c) for any other proper purpose as may be agreed by the Manager and the Trustee.

SCHEDULE 2

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