CSOP Leveraged and Inverse Series Prospectus

10 March 2017

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 Nifty 50 Daily (2x) Leveraged Product, CSOP Nifty 50 Daily (-1x) Inverse Product, CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product (each a "Product").

Each of the CSOP Nifty 50 Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product tracks the performance of a leveraged position of an index on a Daily basis whereas each of the CSOP Nifty 50 Daily (-1x) Inverse Product, CSOP Hang Seng Index Daily (-1x) Inverse Product and CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product tracks the performance of a short position of an index on a Daily basis. The Products are only suitable for sophisticated trading-oriented investors who constantly monitor the performance of their holding on a daily basis, and are in a financial position to assume the risks in futures investments. They are high risk products designed to be used as short term trading tools for market timing or hedging purposes and are not appropriate for long term (longer than one day) investment. The performance of the Products, when held overnight, may deviate from the underlying indices.

The Products may not be suitable for all investors. It is possible that the entire value of your investment could be lost.

Futures investments are subject to certain key risks including leverage, counterparty and liquidity risks. Movement in the prices of futures may be highly volatile. Please refer to the "Risk Factors" section in this Prospectus as well as the "Risk factors specific to the Product" section in each Appendix.

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 LEVERAGED AND INVERSE SERIES

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

PROSPECTUS

CSOP NIFTY 50 DAILY (2X) LEVERAGED PRODUCT
Stock Code: 07202

CSOP NIFTY 50 DAILY (-1X) INVERSE PRODUCT
Stock Code: 07335

CSOP HANG SENG INDEX DAILY (2X) LEVERAGED PRODUCT
Stock Code: 07200

CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT
Stock Code: 07300

CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (2X) LEVERAGED PRODUCT
Stock Code: 07288

CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT
Stock Code: 07388

Manager

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

Listing Agent

Altus Capital Limited

10 March 2017

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 Leveraged and Inverse Series (the "Trust") and the sub-funds of the Trust have each 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

This Prospectus relates to the offer in Hong Kong of units (the "Units") in the CSOP Leveraged and Inverse Series (the "Trust"), an umbrella unit trust established under Hong Kong law by a trust deed dated 5 July 2016, as amended from time to time (the "Trust Deed") between CSOP Asset Management Limited 南方東英資產管理有限公司 (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust has a number of sub-funds (the "Products" or individually a "Product") which are traded on The Stock Exchange of Hong Kong Limited.

The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in the Products. It contains important facts about the Products whose Units are offered in accordance with this Prospectus. A product key facts statement which contains the key features and risks of each of the Products is also issued by the Manager and such product key facts statements shall form part of this Prospectus, and shall be read, in conjunction with, this Prospectus.

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 Section" 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 Products. 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 itself under the paragraph headed "The Trustee and Registrar" in the section on "Management of the Trust".

Each Product is a collective investment scheme falling within Chapters 8.6 and Appendix I of the Code. Certain Products may also be subject to additional Chapters of the Code. The Trust and each Product are authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust, the Products or for the correctness of any statements made or opinions expressed in this Prospectus. SFC authorisation 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.

You should consult your financial adviser or your 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 you 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 a Product is appropriate for you.

Dealings in the Units of certain Products on The Stock Exchange of Hong Kong Limited (the "SEHK") have already commenced. The Units of such Products have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearance and settlement in the Central Clearing and Settlement System ("CCASS").

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in, the Units of CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product. Subject to compliance with the admission requirements of HKSCC, the Units of CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product will be accepted as eligible securities by HKSCC for deposit, clearing and settlement in CCASS with effect from the date of commencement of dealings in the Units of CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product on the SEHK or such other date as may be determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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, this 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. The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any other United States Federal or State law and, except in a transaction which does not violate the US Securities Act, may not be directly or indirectly offered to 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 the US Securities Act). The Trust and the Products have not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended. Units may not be acquired or owned by (i) an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Title I of ERISA, (ii) a plan, as defined in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), that is subject to Section 4975 of the Internal Revenue Code, (iii) a plan that is subject to any other law, regulation, rule or restriction that is substantially similar to ERISA or Section 4975 of the Internal Revenue Code ("Similar Law") or (iv) an entity whose assets are deemed to include the assets of such an employee benefit plan or plan for purposes of ERISA, Section 4975 of the Internal Revenue Code or Similar Law, unless the purchase, holding and disposition of units will not constitute a violation under ERISA, Section 4975 of the Internal Revenue Code and any applicable Similar Law.

The Products shall not be offered, directly or indirectly, sold or delivered within India or to, or for the benefit of, (i) any resident in India, including any corporation or other entity incorporated or registered under the Indian laws or (ii) others for re-offering or re-sale, directly or indirectly, in India or to a resident of India or any entity incorporated or registered in India, or (iii) any non-resident Indian, Indian overseas corporate body or person of Indian origin.

Furthermore, distribution of this Prospectus shall not be permitted unless it is accompanied by a copy of the latest annual financial statements of the Products (where existing) and, if later, its most recent interim report which form part of this Prospectus.

You should note that any amendment or addendum to this Prospectus will only be posted on the Manager's website (http://www.csopasset.com) the contents of which, and of any other websites referred to in this Prospectus, have not been reviewed by the SFC. This Prospectus may refer to information and materials included in websites. Such information and materials do not form part of this Prospectus and they have not been reviewed by the SFC or any regulatory body. Investors should note that the information provided in websites may be updated and changed periodically without any notice to any person.

Questions and Complaints

Investors may raise any questions on or make any complaints about the Trust (including the Products) by contacting the Manager's Customer Service Hotline at its address as set out in the Directory of this Prospectus or calling the Manager on +852 3406 5688 during normal office hours.

DIRECTORY

Manager
CSOP Asset Management Limited
南方東英資產管理有限公司
2801-2803 & 3303-3304, 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

Participating Dealers#

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

Deutsche Securities Asia Limited*
Level 52, International Commerce Centre
1 Austin West
Kowloon
Hong Kong

J.P. Morgan Broking (Hong Kong) Limited*
25/F, Chater House
8 Connaught Road
Central
Hong Kong

Merrill Lynch Far East Limited
55/F, Cheung Kong Center
2 Queen's Road Central
Central
Hong Kong

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

Market Makers#

Commerz Securities Hong Kong Limited
15/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Bluefin HK Limited
20/F, Central Tower
28 Queen's Road Central
Hong Kong

Legal Counsel to the Manager
Simmons & Simmons
13/F, One Pacific Place
88 Queensway
Hong Kong

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

Listing Agent
Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

UBS Securities Hong Kong Limited*
46-52/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

Service Agent
HK Conversion Agency Services Limited
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

The list of Participating Dealers and Market Makers is as of the date of this Prospectus only. Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for each Product.

* *For CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product only.*

CONTENTS

PART 1 – GENERAL INFORMATION RELATING TO THE TRUST AND PRODUCTS

Part 1 of this Prospectus includes information relevant to the Trust and the Products established under the Trust and listed on the SEHK.

The information presented in this Part 1 should be read in conjunction with the information presented in the relevant Appendix in Part 2 of this Prospectus in respect of a particular Product. Where the information in Part 2 of this Prospectus conflicts with the information presented in this Part 1, the information in the relevant Appendix in Part 2 prevails, however, it is applicable to the specific Product of the relevant Appendix only. Please refer to Part 2 "Specific Information Relating to Each Product" for further information.

DEFINITIONS

In this Prospectus (including the relevant Appendix for any Product), 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 relevant Product is terminated.

"Appendix" means an appendix to this Prospectus that sets out specific information applicable to a Product.

"Application" means an application by a Participating Dealer for the creation or redemption of Units, in accordance with the procedures for creation and redemption of Units set out in the Operating Guidelines, the relevant Participation Agreement and the terms of the Trust Deed.

"Application Unit" means, in relation to each Product, such number of Units or whole multiples thereof (if any) as specified in this Prospectus for the relevant Product or such other number of Units from time to time determined by the Manager, approved by the Trustee and notified to the Participating Dealers.

"Business Day" in respect of a Product, 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 market on which Index Securities and/or Futures Contracts, as the case may be, are traded is open for normal trading; or (iii) if there are more than one such market, the 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 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.

"Cancellation Compensation" means an amount payable by a Participating Dealer in respect of a Default, as set out in the Trust Deed and in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

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

"CCASS Settlement Day" means the term "Settlement Day" as defined in the General Rules of CCASS.

"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 this 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 one 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 the Trust Deed.

"Daily" in relation to the performance, the inverse performance or the leveraged performance of an Index or a Product, means the performance, the inverse performance or the leveraged performance of an Index or a Product (as the case may be) from the close of market of a given Business Day until the close of the market on the subsequent Business Day.

"Dealing Day" means each Business Day during the continuance of the relevant Product, 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, means such time or times as the Manager may from time to time with the written approval of the Trustee determine generally or in relation to any particular place for submission of Application(s) by a Participating Dealer.

"Default" means a failure by a Participating Dealer in respect of:

(a) a Creation Application to deliver the requisite Securities, Futures Contracts and/or any relevant cash amount; or

(b) a Redemption Application to deliver the Units the subject of the Redemption Application and/or any relevant cash amount.

"Deposited Property" means, in respect of each Product, all the assets (including Income Property), received or receivable by the Trustee, for the time being held or deemed to be held upon the trusts and subject to the terms of the Trust Deed for the account of the relevant Product but excluding (i) Income Property standing to the credit of the distribution account of such Product (other than interest earned thereon) and (ii) any other amount for the time being standing to the credit of the distribution account of such Product.

"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 and/or Futures Contracts (as the case may be) or the entering into or termination of any Swaps (including any costs associated with the entering into, or unwind or maintenance of, any hedging arrangements in respect of such Swaps, or any costs associated with any collateral arrangements in respect of such Securities, Futures Contracts or Swaps), 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 and/or Futures Contracts (as the case may be) 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 and/or Futures Contracts (as the case may be) 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 and/or Futures Contracts (as the case may be) 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.

"Encumbrance" means any mortgage, charge, pledge, lien, third party right or interest, any other encumbrance or security interest of any kind or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect other than any such encumbrance or security interest imposed by the terms of the relevant clearing system/depositary or otherwise created by the terms of the Participation Agreement, the Trust Deed or any agreement between the Manager, the Trustee and the relevant Participating Dealer.

"Extension Fee" means the fee payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application.

"Futures Contract" means any futures contract which is traded on any Futures Exchange.

"Futures Exchange" means the Hong Kong Futures Exchange Limited and such other futures exchange from time to time determined by the Manager.

"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.

"Income Property" means, in respect of each Product, (a) all interest, dividends and other sums deemed by the Manager, (after consulting the auditors either on a general or case by case basis), to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the relevant Product (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale or transfer of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition; (c) all cash payments received or receivable by the Trustee for the account of the relevant Product in respect of an Application; (d) all Cancellation Compensation received by the Trustee for the account of the relevant Product; and (e) any payments to be received or are receivable by the Trustee under any contractual agreements in the nature of investments for the benefit of the relevant Product but excluding (i) other Deposited Property; (ii) any amount for the time being standing to the credit of the distribution account for the account of the relevant Product or previously distributed to Unitholders; (iii) gains for the account of the relevant Product arising from the realisation of Securities and/or Futures Contracts (as the case may be); and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the relevant Product.

"Index" means, in respect of a Product, the index against which the relevant Product is benchmarked as set out in the relevant Appendix.

"Index Provider" means, in respect of a Product, the person responsible for compiling the Index against which the relevant Product benchmarks its investments and who holds the right to licence the use of such Index to the relevant Product as set out in the relevant Appendix.

"Initial Issue Date" means, in respect of a Product, the date of the first issue of Units.

"Initial Offer Period" means, in respect of each Product, the period before the relevant Listing Date as set out in the relevant Appendix.

"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 one 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, in respect of a Product, the price at which Units may be issued, determined in accordance with the Trust Deed.

"Listing Date" means, in respect of a Product, the date on which the Units are first listed and from which dealings therein are permitted to take place on SEHK, the expected date of which is set out in the relevant Appendix for the Product.

"Manager" means CSOP Asset Management Limited 南方東英資產管理有限公司 or such other person or persons for the time being duly appointed pursuant to the Trust Deed as manager of the Trust in succession thereto being approved by the SFC under the Code.

"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 Limited 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.

"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 a Product or, as the context may require, the net asset value of a Unit calculated under the Trust Deed.

"Operating Guidelines" means, in respect of a Product, the guidelines for the creation and redemption of Units as set out in the schedule to each 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 relevant 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 Products applicable at the time of the relevant Application.

"Participant" means a person admitted for the time being by HKSCC as a participant of CCASS.

"Participating Dealer" means a broker or dealer who is (or who has appointed an agent or delegate who is) a Participant and who has entered into a Participation Agreement in form and substance acceptable to the Manager and Trustee, and any reference in this Prospectus to "Participating Dealer" shall include a reference to any agent or delegate so appointed by the Participating Dealer.

"Participation Agreement" means an agreement entered into between, among others, the Trustee, the Manager and a Participating Dealer, setting out, amongst other things, the arrangements in respect of the Applications. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the Operating Guidelines.

"Product" means a segregated pool of assets and liabilities into which the Trust Fund is divided, established under the Trust Deed and the relevant supplemental deed as a separate trust as described in the relevant Appendix.

"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 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 person as may from time to time be appointed as registrar of in respect of each Product to keep the register of the Unitholders of the Product.

"Securities" means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products, treasury bills, instruments or notes 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 (as defined in the Trust Deed);

(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 Products.

"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 provides its services in respect of a Product entered amongst the Trustee and Registrar, the Manager, the Participating Dealer, the Service Agent and the Hong Kong Securities Clearing Company Limited.

"Settlement Day" means the Business Day which is two Business Days 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 or as otherwise described in the relevant Appendix.

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

"SFO" means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

"SGX" means the Singapore Exchange.

"Swap" means a swap agreement to be entered by the Trustee on behalf of a Product which may, subject to the terms of the Trust Deed, take such form as determined or agreed by the Manager, including an International Swaps and Derivatives Association master agreement, schedules, annexes and confirmations as well as related documents.

"Swap Counterparty" means a counterparty of the Product pursuant to a Swap.

"Trading Day" means, in respect of the Units, a day on which trading is conducted on the SEHK as specified in the relevant rules of the SEHK.

"Transaction Fee" means the fee, in respect of a Product, which may be charged for the benefit of the Trustee, the Registrar and the Service Agent to each Participating Dealer on each Dealing Day upon which an Application has been or Applications have been made by the relevant Participating Dealer.

"Trust" means the umbrella unit trust constituted by the Trust Deed and called "CSOP Leveraged and Inverse Series" 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 5 July 2016 between the Manager and the Trustee constituting the Trust, as amended from time to time.

"Trust Fund" means with respect to each Product, all the property for the time being held or deemed to be held by the Trustee upon the trusts hereof, including the Deposited Property and Income Property attributable to that Product and subject to the terms and provisions of the Trust Deed, except for amounts to be distributed, and where such term is used generically, "Trust Fund" means the Trust Fund attributable to all Products taken together.

"Trustee" means HSBC Institutional Trust Services (Asia) Limited or such other person or persons for the time being duly appointed as trustee or trustees hereof in succession thereto in accordance with the Trust Deed.

"Unit" means a unit representing an undivided share in a Product.

"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.

"US" or "United States" means the United States of America.

"USD" means United States dollars, the lawful currency of the United States of America.

"Valuation Point" means, in respect of a Product, the official close of trading on the Market on which the Securities or Futures Contracts constituting the Index are listed on each Dealing Day or if more than one, 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.

INTRODUCTION

The Trust

The Trust is an umbrella unit trust created by the Trust Deed between the Manager and the Trustee made under Hong Kong law. The Trust and each Product is authorised as a collective investment scheme by the SFC under Section 104 of the SFO and each Product falls within Chapter 8.6 and Appendix I of the Code. Certain Product(s) may also be subject to additional Chapters of the Code. SFC authorisation is not a recommendation or endorsement of a Product nor does it guarantee the commercial merits of a Product or its performance. It does not mean that a Product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Products

The Trust may issue different classes of Units and the Trustee shall establish a separate pool of assets under the Trust Deed as separate trusts (each such separate pool of assets a "Product") to which one or more class of Units shall be attributable. The assets of a Product will be invested and administered separately from the other assets of the Trust. All Products will be listed on the SEHK.

The Manager and the Trustee reserve the right to establish other Products and/or issue further classes of Units relating to a Product or Products in the future in accordance with the provisions of the Trust Deed.

THE 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.

Unless otherwise stated in the relevant Appendix, the latest date for making a Creation Application for Units is 12:00 p.m. (Hong Kong time) two 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 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 two 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 the number of Units specified in the relevant Appendix. 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 Products are terminated.

You can acquire or dispose the Units in either of the following two 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 "Key Information" in the relevant Appendix) 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 and redeemed at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit size. The Application Unit size and currency for settlement are as set out in the relevant Appendix.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Creation Applications or Redemption Applications to the Trustee (with a copy to the Manager) before the Dealing Deadline on the relevant Dealing Day. If a Creation Application or 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 Creation Application or 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 Creation Application or Redemption Application, provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the relevant Product, exercise its discretion to accept a Creation Application or Redemption Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. 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 Units is due two Business Days (unless as otherwise stated in the relevant Appendix) after the Dealing Day, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case.

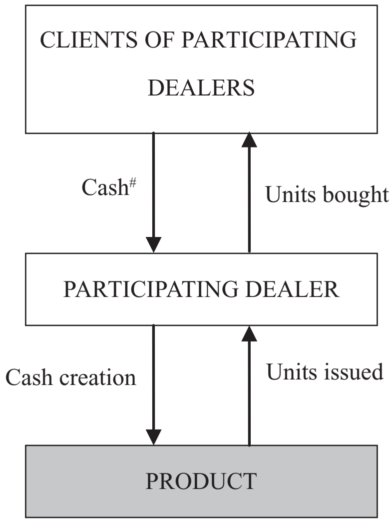
Please refer to the section on "Creations and Redemptions (Primary Market)" for the operational procedures in respect of Creation Applications and Redemption Applications.

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 Participants if the client is buying from the secondary market.

Diagrammatic Illustration of Investment in a Product

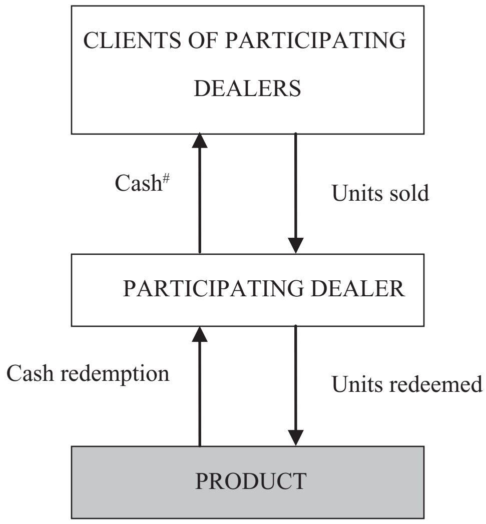
The diagrams below illustrate the creation or redemption and the buying or selling of Units:

(a) *Creation and buying of Units in the primary market – Initial Offer Period and After Listing*



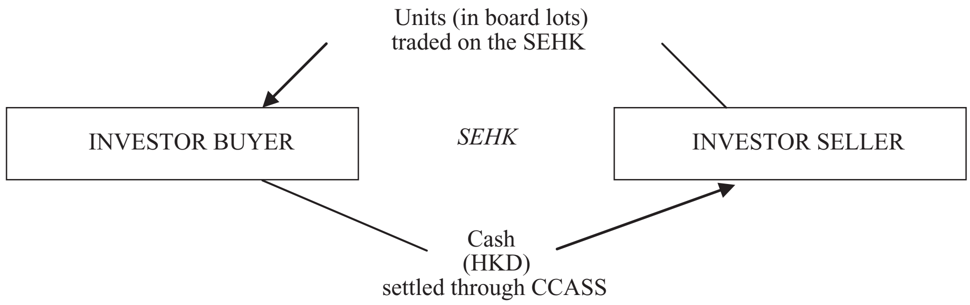
Clients of a Participating Dealer may agree with the Participating Dealer settlement in a different currency to the creation currency.

(b) *Redemption and selling of Units in the primary market – After Listing*



Clients of a Participating Dealer may agree with the Participating Dealer settlement in a different currency to the redemption 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 multiple thereof)	Channel	Available to	Consideration, Fees and Charges#
Cash creation (in the currency as specified in the relevant Appendix)	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Cash (in the currency as specified in the relevant Appendix) 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 the currency as specified in the section "Fees and Expenses") Transaction Fee payable to the Service Agent (payable in HKD) Duties and Charges (payable in USD unless otherwise specified in the relevant Appendix)

After Listing

Method of Acquisition or Disposal of Units	**Minimum Number of Units (or multiple thereof)**	**Channel**	**Available to**	**Consideration, Fees and Charges#**
Purchase and sale in cash through brokers on the SEHK (secondary market)	Board lot size (see relevant Appendix)	On the SEHK	Any investor	Market price of Units on SEHK (in HKD only) Brokerage fees (in such currency as determined by individual brokers) Transaction Levy and Trading Fee (in HKD only unless otherwise specified in the relevant Appendix)
Cash creation and cash redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers	Any person acceptable to the Participating Dealer as its client	Cash (in the currency as specified in the relevant Appendix) 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 the currency as specified in the section "Fees and Expenses") Transaction Fee payable to the Service Agent (payable in HKD) Duties and Charges (payable in USD unless otherwise specified in the relevant Appendix)

Please refer to "Fees and Expenses" for further details

INVESTMENT OBJECTIVE, INVESTMENT STRATEGY, INVESTMENT RESTRICTIONS, SECURITIES LENDING AND BORROWING

Investment Objective

The investment objective of each Product is to provide investment results that, before fees and expenses, closely correspond to the performance of a relevant leveraged or inverse index, or the inverse Daily performance or the leveraged Daily performance of the relevant Index, unless otherwise stated in the relevant Appendix.

Investment Strategy

In managing a Product, the Manager may use either a futures-based replication strategy or a swap-based synthetic replication strategy as described below. The particular strategy employed for each Product is set out in the relevant Appendix.

Futures-based replication strategy

By using a futures-based replication strategy, a Product directly or indirectly invests in Futures Contracts, so as to replicate the performance, the inverse Daily performance or the leveraged Daily performance of the relevant Index.

The Manager may use a full replication or a representative sampling strategy. In using a representative sampling strategy, the Manager will invest in a representative sample of Futures Contracts which collectively have an investment profile that reflects the profile of the relevant Index and whose performance closely correlates with the performance, the inverse Daily performance or the leveraged Daily performance of the relevant Index.

Swap-based synthetic replication strategy

Pursuant to a Swap-based synthetic replication strategy, a Product will enter into one or more funded swaps (a "Swap") (which are over-the counter financial derivative instruments entered into with one or more counterparties (each a "Swap Counterparty")) the purpose of which is to exchange all or part of the invested proceeds to gain exposure to the performance, the inverse Daily performance or the leveraged Daily performance of the relevant Index.

Change of Investment Strategy

The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to Unitholders before adopting a strategy other than the investment strategy for a Product as stated in the relevant Appendix (save for certain immaterial changes which do not require the SFC's approval).

Investment Restrictions

If any of the restrictions or limitations set out below is breached in respect of a Product, 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 of that Product.

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 a Product was authorised.

The investment restrictions applicable to each Product (that are included in the Trust Deed) are summarised below:

(a) not more than 10% of the Net Asset Value of a Product 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) ordinary shares of a single class (other than Government and other public securities) held for the account of a Product, when aggregated with other holdings of the same class of ordinary shares held for the account of all other Products under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by a single issuer;

(c) not more than 15% of the Net Asset Value of a Product 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 Chapter 8.6(i) of the Code, not more than 30% of the Net Asset Value of a Product may be invested in Government and other public securities of the same issue;

(e) subject to paragraph (d) above or except as permitted by Chapter 8.6(i) of the Code, a Product may be fully invested in Government and other public securities in at least 6 different issues;

(f) a Product may enter into financial futures contracts for hedging purposes;

(g) not more than 20% of the Net Asset Value of a Product 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 relevant Product 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 a Product, 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 relevant Product; and

(i) where a Product 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 relevant Product, may not in aggregate exceed 10% of the Net Asset Value of the relevant Product; and

(ii) a Product may invest in one 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 relevant Product in each such underlying scheme may not exceed 30% of the Net Asset Value of the relevant Product, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the offering document of the relevant Product,

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.

A Product shall not (unless otherwise stated in the relevant Appendix):

(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 Product would be required to deliver Securities exceeding 10% of the Net Asset Value of the Product (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 a Product if the aggregate of the exercise prices of all such call options written in respect of the relevant Product would exceed 25% of the Net Asset Value of the relevant Product;

(f) lend or make a loan out of the assets of a Product 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 a Product or acquire any asset for the account of a Product which involves the assumption of any liability which is unlimited; or

(i) apply any part of a Product 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 a Product which has not been appropriated and set aside for any other purposes (including in respect of any writing of call options).

No holding of any futures contract or option may be acquired for or added to a Product authorised by the SFC under Chapter 8.4A of the Code in breach of the following restrictions (unless waived by the SFC in respect of a Product):

(A) the Product may only enter into futures contracts and options dealt with on a futures, commodities or options exchange or any over-the-counter derivative approved by the Trustee;

(B) at least 30% of the Net Asset Value of the Product must be held on deposit or invested in liquid short term debt instruments and may not be used for margin requirements. Not more than 70% of the Net Asset Value of the Product may be committed as margin for futures contracts or options, and/or premium paid for options purchased (including put and/or call options);

(C) the Product may not invest in commodity contracts other than futures contracts. However, the Product may acquire precious metals commodities which are negotiable on an organised market;

(D) premiums paid to acquire options outstanding with identical characteristics may not exceed 5% of the Net Asset Value of the Product;

(E) the Product may not hold open contract positions in any futures contract month or option series for which the combined margin requirement represents 5% or more of the Net Asset Value of the Product; and

(F) the Product may not hold open positions in futures contracts or options concerning a single commodity or a single underlying financial instrument for which the combined margin requirement represents 20% or more of the Net Asset Value of the Product,

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

Note: The investment restrictions set out above apply to each Product, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single issuer exceeding 10% of the collective investment scheme's total net asset value. Given the investment objective of the Products and nature of the Index, the Products are allowed under Chapter 8.6(h) of the Code to hold (directly or indirectly) investments in Securities of any single issuer exceeding 10% of the relevant Product's latest available Net Asset Value if such constituent Securities account for more than 10% of the weighting of the Index and the relevant Product's holding of any such constituent Securities does not exceed their respective weightings in the Index, except where the weightings are exceeded as a result of changes in the composition of the Index and the excess is only transitional and temporary in nature. Subject to Chapter 8.6(h) of the Code, more than 30% of the latest available Net Asset Value of the relevant Product may also be invested in government and other public Securities of the same issue. However, the Manager may cause a Product to deviate from the Index weighting (in pursuing a representative sampling strategy which does not involve a full replication strategy) under Appendix I of the Code (the "ETF Guidelines") on condition that the maximum deviation from the index weighting of any constituent caused by the implementation of the representative sampling strategy will not exceed the percentage specified in the relevant Appendix or such other percentage as determined by the Manager after consultation with the SFC. Under the ETF Guidelines, the Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit. The annual and interim financial statements of the relevant Product shall also disclose whether or not such limit has been complied with during such period and account for any non-compliance in those reports.

Securities Lending

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

Borrowing Policy

Borrowing against the assets of a Product is allowed up to a maximum of 25% of its latest available Net Asset Value. Where the Manager so determines, a Product's permitted borrowing level may be a lower percentage or more restricted as set out in the relevant Appendix. Subject to the relevant Appendix, the Trustee may on instruction of the Manager borrow for the account of a Product any currency, and charge or pledge assets of the Product, 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 Product; or

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

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in a Product

There are two methods of making an investment in a Product and of disposing of Units to realise an investment in a Product.

The first method is to create or to redeem Units at Net Asset Value directly with the Product in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the relevant Product. 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 relevant Product.

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 Participating Dealers

Any application for the creation of Units of a Product must only be made through a Participating Dealer in respect of an Application Unit size or whole multiple thereof as set out in the "Key Information" section in the relevant Appendix. Investors cannot acquire Units directly from a Product. Only Participating Dealers may submit Creation Applications to the Trustee (with a copy to the Manager).

Units in each Product are continuously offered through a Participating Dealer, who may apply for them on any Dealing Day for its own account or for the account of 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 requests received from its clients, subject always to (i) mutual agreement between the relevant initial Participating Dealer and its clients as to its fees for handling such requests; (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 behalf of such clients (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 its clients as to the method of effecting such creation requests.

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 relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product 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 and/or Futures Contracts in the relevant 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.

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 Products.

A Participating Dealer may impose fees and charges in handling any creation request which would increase the cost of investment. Investors 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 each Product 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 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 a Product can be submitted by it to the Trustee (with a copy to the Manager). Investors 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 a Product is the number of Units specified in the relevant Appendix. Creation Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum subscription for each Product is one Application Unit.

Creation process

A Participating Dealer may from time to time submit Creation Applications in respect of a Product to the Trustee, with a copy to the Manager, following receipt of creation requests from its clients or where it wishes to create Units of the relevant Product 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, provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the relevant Product, exercise its discretion to accept a Creation Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK 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 relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;

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

(c) where in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the relevant market on which a Security and/or Futures Contracts, as the case may be (that is a component of the Index for the relevant Product) has its primary listing;

(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 and/or Futures Contracts as the case may be in the relevant 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) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a Creation Application in the relevant Product 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 ultimate 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 (i) for the account of the Product, the creation of Units in Application Unit size in exchange for a transfer of cash; and (ii) 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 Manager may add to such Issue Price a sum (if any) which 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 a Product during the relevant Initial Offer Period, the Manager shall procure the creation and issue of Units in that Product on the relevant Initial Issue Date.

Units are denominated in the base currency of the relevant Product (unless otherwise determined by the Manager) as set out in the relevant Appendix and 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 relevant Settlement Day for 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 relevant 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, provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the relevant Product, exercise its discretion to accept a Creation Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. 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 same Product). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Creation Applications 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 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 a Product for the difference between:

(a) the prices used when valuing the Securities and/or Futures Contracts, as applicable, of the Product for the purpose of such issue of Units; and

(b) the prices which would be used when acquiring the same Securities and/or Futures Contracts, as applicable, if they were acquired by the Product with the amount of cash received by the Product 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 any Product.

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 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 absolute discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the Product, 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 Product 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 Participating Dealers

Any application for the redemption of Units of a Product must only be made through a Participating Dealer in respect of an Application Unit size or whole multiples thereof. Investors cannot redeem Units directly from the relevant Product. 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 requests received from its clients, subject always to (i) mutual agreement between the relevant initial Participating Dealer and its clients 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 behalf of its clients (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 its clients as to the method of effecting such redemption request.

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 relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product 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 and/or Futures Contracts 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; or

(d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the redemption request.

Requirements relating to redemption requests by Unitholders

As at the date of this Prospectus, only cash redemption is available to the Participating Dealers in respect of the Products.

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. Investors 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 each Product 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 a Product can be submitted by it to the Trustee (with a copy to the Manager). Investors 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 a Product is the number of Units specified in the relevant Appendix. Redemption Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum redemption for each Product is one Application Unit.

Redemption process

A Participating Dealer may from time to time submit Redemption Applications in respect of a Product 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 relevant Product 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, provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or natural disaster and with the approval of the Trustee after taking into account the interest of other Unitholders of the relevant Product, exercise its discretion to accept a Redemption Application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK 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 the Trustee and the Manager may 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 relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;

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

(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 and/or Futures Contracts in the relevant 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 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) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a Redemption Application in the relevant Product 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 and cancellation shall be the Net Asset Value per Unit of a Product rounded to the nearest four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down). The benefit of any rounding adjustments will be retained by the relevant Product. 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 may not exceed one 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 the Trustee or their respective Connected Persons or otherwise) 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 same Product). 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 a Product for the difference between:

(a) the prices used when valuing the Securities and/or Futures Contracts, as applicable of the Product for the purpose of such redemption of Units; and

(b) the prices which would be used when selling the same Securities and/or Futures Contracts, as applicable if they were sold by the Product in order to realise the amount of cash required to be paid out of the Product 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 any 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 (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of redemptions of Units):

(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 relevant Participating Dealer to pay to the Trustee, for the account of the relevant Product, 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 and/or Futures Contracts 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 Product 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 Product) of the total number of Units in a Product then in issue, the Manager may direct the Trustee to reduce such 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 a Product) of the Units in the relevant Product 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 relevant Product themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Product) of the Units in the relevant Product then in issue) in priority to any other Units in the relevant Product 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 any Product, suspend the redemption of Units of any Product and/or (subject to all applicable legal or regulatory requirements where payment of redemption proceeds exceeds one calendar month) delay the payment of any monies and transfer of any Securities and/or Futures Contracts in respect of any Creation Application and/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 and/or Futures Contract, as the case may be (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 and/or Futures Contract, as the case may be (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 and/or Futures Contracts, as the case may be 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 and/or Futures Contracts, as appropriate or disposal of investments for the time being comprised in the relevant Product cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant Product;

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

(g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Product or when for any other reason the value of any Securities and/or Futures Contracts or other property for the time being comprised in the relevant Product 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 relevant Product is suspended or if any circumstance specified in the section on "Suspension of Determination of Net Asset Value" below arises;

(i) during any period when the Swap (if any) cannot be adjusted or reset for any reason; or

(j) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee, in respect of any Creation Application and/or Redemption Application in the relevant Product is 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; or

(k) if as result of the investment of the proceeds of issue of such Units in accordance with the investment objective of a Product, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer.

The Manager will, after giving notice to the Trustee, suspend the right to subscribe for Units of the relevant Product 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. Where the Products under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer, 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 (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC) 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 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 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 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 a Product suffering any adverse effect which the Trust or the Product might not otherwise have suffered;

(b) in the circumstances which, in the Manager's opinion, might result in the Trust or any Product, the Trustee or the Manager incurring any liability to taxation or suffering any other potential or actual pecuniary disadvantage or might result in the Trust or any Product, the Trustee or the Manager being subject to any additional regulatory compliance which the Trust or the relevant Product, the Trustee or the Manager might not otherwise have incurred, suffered or been subject to; or

(c) in breach of, or deemed by the Manager to be in breach of, any applicable anti-money laundering or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including without limitation the issue of any warranty or supporting document required to be given to the Trustee and the Manager.

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

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager. As all Units will be held in CCASS, the Manager's consent is deemed given where an investor is transferring his interest in Units within CCASS. A Unitholder is entitled to transfer Units held by him by using the standard transfer form issued by SEHK or by an instrument in writing in such other form (and if the transferor or the transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution) as the Trustee may from time to time approve. The transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. Each instrument of transfer must relate to a single Product only. If and to the extent that all Units are deposited, cleared and settled in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a Participant and to whose account any Units are for the time being allocated in accordance with the General Rules of CCASS.

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

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 one Market Maker will maintain a market for the Units. 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 or Futures Contracts 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 Products in respect of such profits.

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

Subject to the compliance with the stock admission requirements of HKSCC, the Units of the CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product 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 of the CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product 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.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

DETERMINATION OF NET ASSET VALUE

Calculation of Net Asset Value

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

Set out below is a summary of how various properties held by the relevant Product 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) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) 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 at the official closing price of the Futures Contracts or if such price is not available (i) the latest available price or (ii) if bid and offer quotations are made, the latest available middle market quotation of such Futures Contract in each case at the Valuation Point or as otherwise valued as described 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 out of the Product in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may at any time in consultation with the Trustee and shall at such times or at such intervals as the Trust shall request cause a revaluation to be made 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 determines that such adjustment is more appropriate 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 value of the swap invested by a Product, which is not listed or quoted on a recognised market, will be determined on each Dealing Day by the Swap Counterparty, which, in doing so, will be acting as the calculating agent of the relevant swap based on the mark-to-market value of such swap (excluding any fees, commissions and other expenses in connection with the entry or negotiation of the swap, and initial margin or deposits). The Manager will carry out an independent verification of this valuation on a daily basis. In addition, the Trustee will carry out an independent verification of the value of the swap in accordance with its internal policy and the terms of the swaps.

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

Suspension of Determination 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 relevant Product 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 relevant Product;

(b) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise a substantial part of the Securities and/or Futures Contracts held or contracted for the account of that Product or it is not possible to do so without seriously prejudicing the interest of Unitholders of that Product;

(c) for any other reason the prices of investments of the relevant Product 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 relevant Product or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities and/or Futures Contracts or other property for the time being comprised in the relevant Product 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, a substantial part of the Securities and/or Futures Contracts or other property of that Product or the subscription or redemption of Units of the relevant Product is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange;

(f) the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of the determination of the Net Asset Value of the Product 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; or

(g) the existence of any state of affairs prohibiting the normal disposal of any notional investment to which a Swap is linked.

Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value of the relevant Product and the Manager shall be under no obligation to rebalance the relevant Product 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 www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC) or in such other publications as it decides.

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

Issue Price and Redemption Value

The Issue Price which is the subject of a Creation Application during the Initial Offer Period of a Product will be a fixed amount per Unit, or a percentage of the closing level of the relevant Index (expressed in the base currency of the relevant Product) as at the last day of the Initial Offer Period, rounded to four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down), or such other amount from time to time determined by the Manager and the Trustee. The Issue Price during the Initial Offer Period of each Product will be set out in the relevant Appendix.

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 relevant Product as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down).

The Redemption Value on a Dealing Day shall be the prevailing Net Asset Value of the relevant Product as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down).

The benefit of any rounding adjustments will be retained by the relevant Product.

The latest Net Asset Value of the Units will be available before market opens on the day after the relevant Trading Day on the Manager's website at www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC) or published in such other publications as the Manager may decide from time to time.

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

FEES AND EXPENSES

There are different levels of fees and expenses applicable to investing in a Product as set out in the following table, current as at the date of this Prospectus. Where any levels of fees and expenses applicable to a particular Product differs from the following, such fees and expenses will be set out in full in the relevant Appendix.

(A) Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)	Amount	
	CSOP Nifty 50 Daily (2x) Leveraged Product and CSOP Nifty 50 Daily (-1x) Inverse Product	**CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product**
Transaction Fee	Up to USD500[1] per Application	Up to HKD4,000[2] per Application
	HKD1,000[1] per book-entry deposit and book-entry withdrawal	HKD1,000[2] per book-entry deposit and book-entry withdrawal
Registrar Fee	USD15[1] per transaction	HKD120[2] per transaction

1 Up to USD500 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 USD15 for each Creation Application and Redemption Application. A Participating Dealer may pass on to the relevant investor such Transaction Fee and Registrar Fee.

2 Up to HKD4,000 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 HKD120 for each Creation Application and Redemption Application. A Participating Dealer may pass on to the relevant investor such Transaction Fee and Registrar Fee.

	Application Cancellation Fee	USD1,200[3] per Application	HKD12,000[3] per Application
	Extension Fee (applicable to redemption of Units only)	USD1,200[4] per Application	HKD12,000[4] per Application
	Stamp duty	Nil	Nil
	Transaction levy and trading fee	Nil	Nil

(B)	**Fees and expenses payable by investors**	**Amount (for all Products)**
(i)	***Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)***	
	Fees and charges imposed by the Participating Dealer[5]	Such amounts as determined by 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	0.0027% of the trading price[6]
	Trading fee	0.005% of the trading price[7]
	Stamp duty	Nil
	Fees and expenses payable by the Product	(See further disclosure below)

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

3 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.

4 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.

5 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.

6 Transaction levy of 0.0027% of the trading price of the Units payable by each of the buyer and the seller.

7 Trading fee of 0.005% of the trading price of the Units, payable by the buyer and the seller.

Fees and Expenses Payable by a Product

Management Fee

Each Product employs a single management fee structure, with each Product 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 a Product's Management Fee include, but are not limited to, the Manager's fee, the Trustee's fee, the Custodian's fee and the Registrar's fee.

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 a Product and extraordinary items such as litigation expenses. The Management Fee is accrued daily, paid monthly in arrears.

The current Management Fee percentage in respect of each Product is set out in the relevant Appendix.

The Manager may pay a distribution fee to any distributor or sub-distributors of the Trust out of the Management Fee it receives from the Trust. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

Ongoing charges

The (i) estimated ongoing charges (where a Product is newly established) or actual ongoing charges of a Product, where applicable, which are the sum of ongoing expenses of the relevant Product expressed as a percentage of the estimated average Net Asset Value of the relevant Product, and (ii) the estimated annual average daily ongoing charges (where a Product is newly established) or actual average daily ongoing charges, where applicable, which are equal to the estimated or actual (as the case may be) ongoing charges divided by the number of Dealing Days of the relevant Product during the year, are set out in the relevant Appendix. Where a Product is newly established the Manager will make a best estimate of the ongoing charges and the annual average daily ongoing charges and keep such estimates under review. The establishment costs of a Product will also be included in the ongoing charges calculation. Ongoing expenses are generally payments deducted from the assets of a Product where these are permitted by the Trust Deed, the Code and the law. These include all types of cost borne by a Product, whether incurred in its operation or the remuneration of any party. The estimated or actual ongoing charges do not represent the estimated or actual tracking error, and the estimated or actual annual average daily ongoing charges do not represent the estimated or actual annual average daily tracking error.

Brokerage Rates

A Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its institutional rates. Please refer to the relevant Appendix for further information on brokerage rates.

Promotional Expenses

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

Other Expenses

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

Establishment Costs

The cost of establishing the Trust and the first two Products including the preparation of the initial issue 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 did not exceed HKD2.5 million and will be borne by the first two Products equally (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and is being amortised over the first five financial years of the first two Products.

The cost of establishing the CSOP Hang Seng Index Daily (2x) Leveraged Product, CSOP Hang Seng Index Daily (-1x) Inverse Product, CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product and CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product including the preparation of this revised 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 will not exceed HKD7.5 million and will be borne by these four Products equally (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and amortised over the first five financial years of the these four Products.

Investors should note that, under IFRS, establishment costs should be expensed as incurred. To the extent, that the valuation or accounting basis adopted by the Trust 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.

Increase in Fees

The current fees in respect of each Product payable to the Manager and the Trustee as described in the relevant Appendix (which are included in the calculation of the Management Fee for the relevant Product) 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. In the event that such fees are to be increased beyond the maximum rates set out in the Trust Deed, such increase will be subject to the Unitholders' and the SFC's approval.

RISK FACTORS

An investment in any Product carries various risks. Each of these 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 a Product will be achieved. Investors should carefully evaluate the merits and risks of an investment in the relevant Product in the context of your overall financial circumstances, knowledge and experience as an investor. The risk factors set forth below are the risks which are believed by the Manager and its directors to be relevant and presently applicable to all Products. You should refer to additional risk factors, specific to each Product, as set out in the relevant Appendix.

General Investment Risks

Investment Objective Risk

There is no assurance that the investment objective of a Product will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to minimise tracking error, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in a Product where the relevant Index moves in an unfavourable direction. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the relevant Product.

Market Risk

The Net Asset Value of each Product will change with changes in the market value of the Securities and/or Futures Contracts it holds. The price of Units and the income from them may go down as well as up. There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of a Product is based on the capital appreciation/depreciation and income on the Securities and/or Futures Contracts it holds, less expenses incurred. A Product's return may fluctuate in response to changes in such capital appreciation/depreciation or income. Furthermore, each Product may experience volatility and decline in response to changes in the relevant Index. Investors in the Products are exposed to the same risks that investors who invest directly in the underlying Securities and/or Futures Contracts would face. These risks include, for example, interest rate risks (risks of changes in portfolio values with changes in interest rates); 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 Products, the returns from the types of Securities and/or Futures Contracts in which a Product invests (either directly or indirectly) may underperform or outperform returns from other Securities and/or Futures Contracts markets or from investment in other assets. Different types of Securities and/or Futures Contracts tend to go through cycles of out-performance and underperformance when compared with other general Securities and/or Futures Contracts markets.

Passive Investment Risk

The Products are not actively managed. Accordingly, the Products may be affected by changes in the market segments relating to the relevant Index or Indices. The Manager will not take defensive positions when the relevant Index moves in an unfavourable direction. In such circumstances, investors may lose a significant part of their respective investments. Each Product invests (either directly or indirectly) in the Securities and/or Futures Contracts included in or representative of the relevant Index regardless of their investment merit, except to the extent of any representative sampling strategy. The Manager does not attempt to take defensive positions. 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 Products will mean that a fall in the relevant Index expected to result in a fall in the value of a leveraged Product, whereas a rise in the relevant Index expected to result in a fall in the value of an inverse Product, and investors may lose substantially all of their investment.

Possible Business Failure Risk

Global markets may experience very high level of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more of the constituents of an Index may have an adverse effect on such Index and therefore a leveraged Product's performance. Investors may lose money by investing in leveraged Products.

Management Risk

Because there is no guarantee or assurance of exact or identical replication of the performance, the inverse performance or the leveraged performance (as the case may be) of the relevant Index by a Product at any time, a Product 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 and/or Futures Contracts comprising a Product. There can be no guarantee that the exercise of such discretion will result in the investment objective of the relevant Product being achieved.

Tracking Error Risk

The Net Asset Value of a Product may deviate from the performance, the leveraged performance or the inverse performance (as the case may be) of the relevant Index which the Product seeks to track. Factors such as the fees and expenses of a Product, imperfect correlation between a Product's assets and the Securities or Futures Contracts constituting its Index, inability to rebalance a Product's holdings of Securities or Futures Contracts in response to high portfolio turnover, transaction costs, a temporary lack of liquidity in the markets for the Securities or Futures Contracts held by a Product, changes in the constituents of the Index, rounding of Security or Futures Contracts prices, changes to the Indices and regulatory policies may reduce the correlation between the performance of the Product and the leveraged performance or the inverse performance of the relevant Index and may affect the Manager's ability to track. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time to achieve the performance, the leveraged performance or the inverse performance (as the case may be) of the relevant Index.

Concentration Risk

A Product may be subject to concentration risk as a result of tracking the performance, the inverse performance or the leveraged performance (as the case may be) of a single geographical region. Such a Product is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as it is more susceptible to fluctuations in value resulting from adverse conditions (where the relevant Product tracks the performance or leveraged performance of the relevant Index) or positive conditions (where the relevant Product tracks the inverse performance of the relevant Index) in the relevant region.

Trading Risk

While the creation/redemption feature of each Product is designed to make it likely that Units will trade close to their Net Asset Value, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) may result in trading prices that differ significantly from the Net Asset Value. The secondary market prices of Units will fluctuate in accordance with changes in the Net Asset Value and supply and demand on any exchange on which Units are listed. In addition, when buying or selling Units on the SEHK additional charges (such as brokerage fees) mean that an investor 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. The Manager cannot predict whether Units will trade below, at, or above their Net Asset Value. Since, however, Units must be created and redeemed in Application Unit size (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value) the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. If the Manager suspends creations and/or redemptions of Units, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Units and the Net Asset Value.

Loss of Capital Risk

There is no guarantee that a Product's investments will be successful. In addition, 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.

No Trading Market in the Units Risk

Although the Units are listed on the SEHK and one or more Market Makers have been appointed, there may be no liquid trading market for the Units or that such Market Maker(s) may cease to fulfil that role. Further, there can be no assurance that Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the SEHK which are based upon indices other than the Index.

Indemnity Risk

Under the Trust Deed, the Trustee and the Manager have the right to be indemnified against any liability in performing their respective duties, except nothing in the Trust Deed may provide that the Trustee or the Manager can be exempted from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, or be indemnified against such liability by Unitholders or at Unitholders' expense. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the relevant Product and the value of the Units.

Dividends May Not be Paid Risk

Whether a Product will pay distributions on Units is subject to the Manager's distribution policy (as described in the "Distribution Policy" section and in the relevant Appendix) and also mainly depends on dividends declared and paid in respect of the Securities of the Index held by the Product, where the Product holds Securities as part of its investment strategy. In addition, dividends received by a Product may be applied towards meeting the costs and expenses of that Product. Dividend payment rates in respect of such Securities will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

Early Termination Risk

A Product may be terminated early under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than USD20 million or (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the relevant Product 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 or (iv) the relevant Index is no longer available for benchmarking or if the Units are no longer listed on the SEHK or any other Recognised Stock Exchange or (v) at any time, the relevant Product ceases to have any Participating Dealer or Market Maker. Upon a Product being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the relevant Product to the Unitholders in accordance with the Trust Deed. Investors may suffer a loss where any such amount distributed may be more or less than the capital invested by the Unitholder.

Foreign Exchange Risks

If a Product's assets are generally invested in Securities or Futures Contracts denominated other than in its base currency, and if a substantial portion of the revenue and income of a Product is received in a currency other than its base currency, any fluctuation in the exchange rate of the base currency relative to the relevant foreign currency will affect the Net Asset Value of a Product regardless of the performance of its underlying portfolio. If the relevant Product's Net Asset Value is determined on the basis of USD, an investor of such Product may lose money even where the local currency value of the Product's holdings goes up, if such local currency depreciates against the USD.

Where a Product invests in instruments denominated in the same currency as the Product's base currency, but such instruments are highly sensitive to the foreign exchange movement of the denominated currency of such instruments' underlying, the Product may indirectly be subject to exchange rate risk. Fluctuations in the exchange rates between such currency and the base currency may have an adverse impact on the performance of the Product.

Risks Associated with Derivative Instruments

The Manager may invest a Product in constituents of the relevant Index through derivative instruments. A derivative instrument is a financial contract or instrument the value of which depends on, or is derived from, the value of an underlying asset such as a Security or an index and so have a high degree of price variability and are subject to occasional rapid and substantial changes. Compared to conventional Securities, derivative instruments can be more sensitive to changes in interest rates or to sudden fluctuations in market prices due to both the low margin deposits required, and the extremely high degree of leverage involved in their pricing. As a result, a relatively small price movement in a derivative instrument may result in immediate and substantial loss (or gain) to the relevant Product. The relevant Product's losses may be greater if it invests in derivative instruments than if it invests only in conventional Securities.

There may also be no active market in derivative instruments and therefore investment in derivative instruments can be illiquid. In order to meet redemption requests, the relevant Product may rely upon the issuer of the derivative instruments to quote a price to unwind any part of the derivative instruments that will reflect the market liquidity conditions and the size of the transaction.

In addition, many derivative instruments are not traded on exchanges. As a result, if the relevant Product engages in transactions involving derivative instruments, it will be subject to the risk of the inability or refusal to perform such contracts by the counterparties with which the relevant Product trades, and as such the relevant Product may suffer a total loss of the relevant Product's interest in the derivative instrument. This risk is also aggregated by the fact that over-the-counter derivatives markets are generally not regulated by government authorities and participants in these markets are not required to make continuous markets in the contracts they trade.

An investment in the derivative instruments does not entitle the derivative instruments holder to the beneficial interest in the shares nor to make any claim against the company issuing the shares. There can be no assurance that the price of the derivative instruments will equal the underlying value of the company or securities market that it may seek to replicate.

Risks Associated with Market Trading

Absence of Active Market and Liquidity Risks

Although Units of each Product 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 or Futures Contracts which comprise the relevant Index 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 an investor needs to sell his, her or its Units at a time when no active market for them exists, the price received for the Units – assuming an investor is able to sell them – is likely to be lower than the price received if an active market did exist.

Suspension of Trading Risk

Investors and potential investors will not be able to buy nor 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 and in the interest of a fair and orderly market to protect investors. The subscription and redemption of Units may also be suspended if the trading of Units is suspended.

Effect of Redemptions Risk

If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the relevant Product'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 a Product then in issue (or such higher percentage as the Manager may determine) may be deferred.

In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of a Product 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

Units may trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Unit of each Product is calculated at the end of each Dealing Day and fluctuates with changes in the market value of the relevant Product's 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. Volatility on the SEHK as well as supply and demand for Units traded on the SEHK may lead to the Units of the relevant Product trading at a premium or discount to the Net Asset Value. On the basis that Units can be created and redeemed in Application Units 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 relevant Product's next calculated Net Asset Value, trading prices are not expected to correlate exactly with the relevant Product's Net Asset Value 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.

Borrowing Risks

The Trustee, on the written instructions of the Manager, may borrow for the account of a Product (up to 25% of the Net Asset Value of each Product unless otherwise specified in the Appendix) for various reasons, such as facilitating redemptions or to acquire investments for the account of the relevant Product. Borrowing involves an increased degree of financial risk and may increase the exposure of a Product 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 a Product will be able to borrow on favourable terms, or that the relevant Product's indebtedness will be accessible or be able to be refinanced by the relevant Product at any time.

Cost of Trading Units Risk

As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, 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. In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Units (bid price) and the price at which they are willing to sell Units (ask price).

No Right to Control the Product's Operation Risk

Investors will have no right to control the daily operations, including investment and redemption decisions, of any Product.

Secondary Market Trading Risk

Units in a Product may trade on the SEHK when the relevant Product 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 relevant Product accepts subscription and redemption orders.

Reliance on the Manager Risk

Unitholders must rely on the Manager in formulating the investment strategies and the performance of each Product is largely dependent on the services and skills of its officers and employees. 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 and qualifications quickly or at all and the new appointment may not be on equivalent terms or of similar quality.

Reliance on Market Makers Risk

Although it is a requirement that the Manager ensures that at least one Market Maker will maintain a market for the Units of each Product, 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 a Product. If there is no market maker for the Units, a Product may be required by the SFC to be terminated if it tracks the leveraged or inverse performance of an index. Termination will take place at about the same time as the resignation of the last Market Maker becoming effective and advance notice of termination will be issued to investors pursuant to the Code. The Manager will seek to mitigate this risk by ensuring at least one Market Maker (with relevant experience in leveraged or inverse products, as the case may be) for the Units of each Product gives not less than 3 months' notice prior to terminating market making under the relevant market making agreements. It is possible that there is only one SEHK Market

Maker to a Product or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker. There is also no guarantee that any market making activity will be effective.

Reliance on Participating Dealers Risk

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 relevant Product or disposal of the relevant Product's Securities or Futures Contracts cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely. Where a Participating Dealer appoints an agent or delegate (who is a Participant) to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative agent or delegate, or if the agent or delegate ceases to be a Participant, the creation or realisation of Units by such Participating Dealer may also be affected.

Trading Time Differences Risk

As a stock exchange or futures exchange may be open when the Units are not priced, the value of any Security or Futures Contract which comprises the Index may change when investors may not be able to buy or sell Units. Further the price of Securities or Futures Contracts may not be available during part of the Trading Day due to trading hour differences which may result in the trading price of Units deviating from the Net Asset Value per Unit.

Risks Associated with the Indices

Fluctuations Risk

The performance of the Units should, before fees and expenses, correspond closely with the performance, the inverse performance or the leveraged performance (as the case may be) of the Index. If the Index experiences volatility or fluctuations, the price of the Units will vary and may decline.

Licence to Use Index may be Terminated Risk

The Manager is granted a licence by the Index Provider to use each Index in connection with the relevant Product and to use certain trade marks and any copyright in the Index. A Product may not be able to fulfil its objective and may be terminated if the licence agreement is terminated. The initial term of the licence agreement may be limited in period and thereafter renewable for only short periods. There can be no guarantee that the relevant licence agreement will be perpetually renewed. For further information on the grounds for terminating the licence agreement, please refer to the section on "Index Licence Agreement" in the relevant Appendix. Although the Manager will seek to find a replacement Index, a

Product may also be terminated if the relevant Index ceases to be compiled or published and there is no replacement Index using the same or substantially similar formula for the method of calculation as used in calculating the Index.

Compilation of Index Risk

The Securities and/or Futures Contracts of each Index are determined and composed by the relevant Index Provider without regard to the performance of the relevant Product. The Products are not sponsored, endorsed, sold or promoted by the Index Provider(s). Each Index Provider makes no representation or warranty, express or implied, to investors in the Products or other persons regarding the advisability of investing in Securities and/or Futures Contracts generally or in the Products particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the Products into consideration in determining, composing or calculating the Index or Indices. There is no assurance that an Index Provider will compile the relevant Index accurately, or that the Index will be determined, composed or calculated accurately. 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 an Index Provider will not prejudice the interests of the relevant Product, the Manager or investors.

Composition of an Index May Change Risk

The Securities and/or Futures Contracts constituting an Index will change as the Securities and/or Futures Contracts of the Index are delisted, or as the Securities and/or Futures Contracts mature or are redeemed or as new Securities and/or Futures Contracts are included in the Index. When this happens the weightings or composition of the Securities and/or Futures Contracts owned by the Products will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the performance, the leveraged performance or the inverse performance (as the case may be) of the relevant Index as its constituents change, and not necessarily the way the relevant Index is comprised at the time of an investment in Units.

Risks Associated with Regulation

Withdrawal of SFC Authorisation Risk

The Trust and each Product have been authorised as a collective investment scheme under the Code by the SFC under Section 104 of the SFO. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. This 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. The SFC reserves the right to withdraw the authorisation of the Trust or any Product or impose such conditions as it considers appropriate or to withdraw any waiver from the Code or revise the same. If the Manager does not wish the Trust or any Product to continue to be authorised by the SFC, the Manager will give Unitholders at least three 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 or waivers from the Code which may be withdrawn or varied by the SFC. If, as a result of such withdrawal or variation of conditions or waivers from the Code, it becomes illegal, impractical or inadvisable to continue the Trust or any Product, the Trust or the relevant Product (as applicable) will be terminated.

General Legal and Regulatory Risk

Each Product 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 Product. 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 relevant Product. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Product. In the worst case scenario, a Unitholder may lose a material part of its investments in a Product.

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 a Product in which the investor has invested 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 of the relevant Product are delisted from the SEHK, Unitholders will have the option to redeem their Units by reference to the Net Asset Value of the Product. Where the Product remains authorised by the SFC, such procedures required by the Code will be observed by the Manager including as to notices to Unitholders, withdrawal of authorisation and termination, as may be applicable. Should the SFC withdraw authorisation of a Product for any reason it is likely that Units may also have to be delisted.

Taxation Risk

Investing in a Product 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.

Legal and Compliance Risk

Domestic and/or international laws or regulations may change in a way that adversely affects the Trust or the Products. Differences in laws between jurisdictions may make it difficult for the Trustee or Manager to enforce legal agreements entered into in respect of the Products. 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 Products.

Valuation and Accounting Risk

The Manager intends to adopt IFRS in drawing up the annual financial accounts of the Products. However, the calculation of the Net Asset Value in the manner described under the section on "Determination of Net Asset Value" will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Investors should note that under IFRS, establishment costs should be expensed as incurred and that amortisation of the expenses of establishing sub-funds is not in accordance with IFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have a material impact on the financial statements of Products. To the extent that the basis adopted by a Product for subscription and redemption purposes deviates from IFRS, the Manager may make necessary adjustments in the annual financial accounts for the financial accounts to be in compliance with IFRS. Any such adjustments will be disclosed in the annual financial accounts, including a reconciliation.

Contagion across Products risk

The Trust Deed allows the Trustee and the Manager to issue Units in separate Products as separate trusts. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various Products under the Trust (liabilities are to be attributed to the specific Product 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 Product (in the absence of the Trustee granting that person a security interest). However, each of the Trustee and the Manager will have a right of reimbursement and indemnity out of the assets of the Trust as a whole or any part thereof, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, which may result in Unitholders of one Product being compelled to bear the liabilities incurred in respect of another Product in which such Unitholders do not themselves own Units, if there are insufficient assets in that other Product to satisfy the amount due to the Trustee or the Manager (as the case may be). Accordingly, there is a risk that liabilities of one Product may not be limited to that particular Product and may be required to be paid out of one or more other Product.

Non-recognition of Product segregation risk

The assets and liabilities of each of the Products under the Trust will be tracked, for book keeping purposes, separately from the assets and liabilities of any other Products, and the Trust Deed provides that the assets of each of the Products should be segregated as separate trusts from each other. There is no guarantee that the courts of any jurisdiction outside Hong Kong will respect the limitations on liability and that the assets of any particular Product will not be used to satisfy the liabilities of any other Product.

Risks associated with Foreign Account Tax Compliance Act

Sections 1471 to 1474 (referred to as "FATCA") of the US Internal Revenue Code of 1986, as amended (the "IRS Code") have imposed new rules with respect to certain payments to non-United States persons, such as the Trust and each Product, 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 (the "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 each Product (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 2019, 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-US 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 US Treasury Regulations is currently pending.

Hong Kong and the US have entered into an intergovernmental agreement ("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 each Product) will be required to enter into an FFI Agreement with the US IRS, register with the US IRS and comply with the terms of an FFI Agreement. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced payments to them.

Under the IGA, FFIs in Hong Kong (such as the Trust and each Product) 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 in a timely manner by the Inland Revenue Department of Hong Kong, which may be beyond the control of the Trust and the Products), but may be required to withhold tax on payments made to non-compliant FFIs.

The Trust and the Products 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 a Product is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Trust or the relevant Product does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Trust or the relevant Product may be adversely affected and the Trust or the relevant Product 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 a Product, or a risk of the Trust or a Product being subject to withholding tax under FATCA, the Manager on behalf of the Trust and the relevant Product reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation and to the extent permitted by applicable laws and regulations, (i) reporting the relevant information of such Unitholder to the US IRS; and/or (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. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds and in compliance with all applicable laws and regulations.

Each of the Products has been registered with the IRS as at the date of this Prospectus. The Manager has obtained tax advice that the Trust does not need to be registered with the IRS.

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

MANAGEMENT OF THE TRUST

The Manager

The Manager is CSOP Asset Management Limited 南方東英資產管理有限公司.

The Manager was established in January 2008 and is licensed to carry on Types 1 (dealing in securities), 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, Gaobo Zhang, Benoit Descourtieux, Zengtao Wu, Zhongping Cai and Haipeng Li.

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 and Chinese Financial Association of Hong Kong. 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.

Liangyu Gao

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

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.

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 CSOP Asset Management Limited 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 CSOP Asset Management Limited 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.

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 CSOP Asset Management Limited 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 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 department.

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

Mr Cai holds a Master's Degree from Zhongnan University of Economics and Law in the 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 CSOP Asset Management Limited in 2014.

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

The Manager has a risk management policy which enables it to monitor and measure at any time the risk of the financial derivative instruments used by a Product for investment purposes. The Products are subject to daily risk management and control procedures such as, but not limited to:

(A) daily calculation of value at risk (a methodology used to estimate the maximum amount of portfolio losses under normal market conditions);

(B) limitation on the percentage of the Net Asset Value committed as margin for all futures or options contracts;

(C) liquidity guidelines on each open futures or option contract such as maximum holding compared to daily average volume for the contract; and

(D) historical and hypothetical stress tests which aim to simulate adverse market scenarios.

The Manager will also ensure that at all times its reconciliation, accounting and settlement functions are separated from back office procedures.

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 Products, 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 (Cap. 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 (Cap. 485 of the Laws of Hong Kong). The Trustee is an indirectly wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, which is a bank licensed under the Banking Ordinance (Cap. 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 Products, 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 Products 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 Products. 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.

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 any Product.

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 Products.

Subject as provided in the Trust Deed, the Trustee is entitled to be indemnified from the assets of the Trust and/or each Product 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 a Product. Subject to applicable law and the provisions of the Trust Deed, the Trustee shall not, in the absence of fraud, negligence or wilful default by it or any agent, sub-custodian or delegate appointed by the Trustee, be liable for any losses, costs or damage to the Trust, the Product(s) 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 Products, 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 under the section on "Fees and Expenses Payable by a Product" 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 Products 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 Products, and they are not responsible for the preparation or issue of this Prospectus other than the description under the section on "The Trustee and Registrar".

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 Dealer, 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 Products by Participating Dealers.

The Auditor

The Manager has appointed PricewaterhouseCoopers to act as the auditor of the Trust and the Products (the "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. Different Products may have different Participating Dealers. The latest list of the Participating Dealers in respect of each Product is available at www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC).

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 all times at least one Market Maker for Units. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager will endeavour to ensure that there is at least one other Market Maker per Product to facilitate the efficient trading of Units. The Manager will seek to ensure that at least one Market Maker per Product gives not less than 3 months notice prior to terminating market making under the relevant market making agreement. The latest list of Market Makers for each Product is available at http://www.hkex.com.hk and www.csopasset.com (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC).

The Listing Agent

Unless otherwise specified in the relevant Appendix, Altus Capital Limited has been appointed by the Manager as the Listing Agent for each Product in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in respect of the relevant Product'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 licence under the SFO with CE Number AGH102.

Conflicts of interest

The Manager and the Trustee 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 Products.

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 and Registrar or the Manager 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 or any Product. 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 and Registrar, the Manager 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 a Product) 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 Products. 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 each Product) is 31 December every year. The first financial year-end of the Trust was 31 December 2016. Audited annual accounts are to be prepared (in accordance with IFRS) and published on the Manager's website within four months of each financial year-end. Half-yearly unaudited reports are also to be prepared up to 30 June of each year and published on the Manager's website within 2 months of such date. Once these accounts and reports are made available on the Manager's website, investors will be notified within the relevant timeframe.

The first annual audited accounts and the first half-yearly unaudited reports for the Trust will be for the year ending 31 December 2016 and the half year ending 30 June 2017 respectively.

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

Trust Deed

The Trust and each Product 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 Products. Nothing in the Trust Deed may provide that either the Trustee or the Manager (as the case may be) can be exempted from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence nor may they be indemnified against such liability by Unitholders or at Unitholders' expense.

Liability of Unitholders

No Unitholder shall incur or assume any liability or be required to make any payment to the Trustee or the Manager in respect of its Units. The liability of Unitholders is limited to their investment in Units.

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 Products or (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 such approval is required) also give its prior approval to all 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 Product

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

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 Manage's website at http://www.csopasset.com (which has not been reviewed or approved by the SFC) and the Hong Kong Exchanges and Clearing Limited'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 Products 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 or (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily or (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 or (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 or (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 in writing 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 one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Product outstanding is less than USD20 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 a Product if: (i) after one year from the date of establishment of the Product, the aggregate Net Asset Value of all the Units in the relevant Product outstanding is less than USD20 million or such other amount specified in the relevant Supplemental Deed; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Product and which renders the relevant Product illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue that Product; (iii) its Index is no longer available for benchmarking or if the Units of the relevant Product 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 relevant Product ceases to have any Participating Dealer; (v) the Manager is unable to implement its investment strategy; or (vi) there are no Market Makers for the relevant Product. Further, the Unitholders may at any time authorise termination of the Trust or the relevant Products by extraordinary resolution.

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

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

Distribution Policy

The Manager will adopt a distribution policy for each Product as the Manager considers appropriate having regard to the Product's net income, fees and costs. For each Product this distribution policy (including the currency of such distribution) will be set out in the relevant Appendix. Distributions will always depend on dividend payments on Securities held by the relevant Product which will in turn depend on factors beyond the control of the Manager including, general economic conditions, and the financial position and distribution policies of the relevant underlying entities. Distribution may be paid out of capital and/or effectively out of capital of the Product. There can be no assurance that such entities will declare or pay dividends or distributions.

Inspection of Documents

Copies of the following documents in respect of each Product are available for inspection free of charge at the offices of the Manager and copies thereof (other than (d) which may be obtained free of charge) may be purchased from the Manager at a reasonable price:

(a) Trust Deed;

(b) Service Agreement;

(c) Participation Agreement(s); and

(d) The most recent annual report and accounts of the Trust and the Products (if any) and the most recent interim report of the Trust and the Products (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 Product.

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 Products 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 by the Manager, the Registrar, the Trustee or the relevant Participating Dealer 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.

Liquidity Risk Management

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Products and to ensure that the liquidity profile of the investments of the relevant Product will facilitate compliance with such Product's obligation to meet redemption requests. Such policy, combined with the liquidity management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders in case of sizeable redemptions.

The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations and the fair valuation policies of the Products. These measures seek to ensure fair treatment and transparency for all investors.

The liquidity management policy involves monitoring the profile of investments held by each Product on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "Redemption of Units through Participating Dealers", and will facilitate compliance with each Product's obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Products under normal and exceptional market conditions.

As a liquidity risk management tool, the Manager may limit the number of Units of a Product redeemed on any Dealing Day to Units representing 10% (or such higher percentage as the Manager may determine in respect of the Product) of the total number of Units in such a Product then in issue (subject to the conditions under the section headed "Deferred Redemption").

Index Licence Agreements

Please refer to the relevant Appendix for details in respect of each Index.

Material Changes to an Index

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

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

(a) the relevant 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 and/or Futures Contracts 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 a Product if the relevant Index changes or for any other reasons including if licence to use the Index is terminated. Any change to (i) the use by the relevant Product of the Index and/or (ii) the name of the relevant Product will be notified to investors.

Information Available on the Internet

The Manager will publish important news and information with respect to each Product (including in respect of the relevant Index), in the English and Chinese languages (unless otherwise specified), on the Manager's website at http://www.csopasset.com (which has not been reviewed or approved by the SFC) including:

(a) this Prospectus and the product key facts statements in respect of the Products (as revised from time to time);

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

(c) any notices relating to material changes to the Products which may have an impact on Unitholders such as material alterations or additions to this Prospectus or the constitutive documents of the Trust and/or a Product;

(d) any public announcements made by the Products, including information with regard to the Products and Index, notices of the suspension of the calculation of the Net Asset Value, suspension of creation and redemption of Units, 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 during SEHK trading hours in the relevant base currency and (if the base currency is not HKD) in HKD;

(f) the last closing Net Asset Value of each Product in the relevant base currency and the last closing Net Asset Value per Unit of each Product in the relevant base currency and (if the base currency is not HKD) in HKD;

(g) the past performance information of each Product;

(h) the daily tracking difference, the average daily tracking difference and the tracking error of each Product;

(i) the composition of each Product (updated on a Daily basis);

(j) a "performance simulator" of each Product which allows investors to select a historical time period and simulate the performance of the relevant Product vis-à-vis the Index during that period based on historical data;

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

(l) in respect of a Product which may distribute dividends, the composition of dividends for the Product (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital (if any)), for a rolling 12-month period; and

(m) in respect of a Product investing in derivatives:

    (i) a list of derivatives counterparties (including Swap Counterparties);

    (ii) the details of collateral arrangements (if any); and

    (iii) the gross and net counterparty exposures of each Product.

Real-time updates about the Index can be obtained through other financial data vendors.

For the CSOP Nifty 50 Daily (2x) Leveraged Product and the CSOP Nifty 50 Daily (-1x) Inverse Product, the near real-time estimated Net Asset Value per Unit in HKD is indicative and for reference purposes only. This is calculated by Ningbo Sumscope Information Technology Co Ltd ("Sumscope") and updated during SEHK trading hours. It is calculated using the near real-time estimated Net Asset Value per Unit in USD multiplied by a real-time HKD:USD foreign exchange rate provided by Sumscope when the SEHK is open for trading. The near real-time estimated Net Asset Value per Unit in HKD is updated every 15 seconds throughout the SEHK trading hours. Since the estimated NAV per Unit in USD will not be updated when the exchange on which the underlying Securities/Futures Contracts are listed is closed, any change in the estimated NAV per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate.

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 Manager's website at http://www.csopasset.com and the Index Provider's website (neither of which, nor any other website referred to in this Prospectus, has been reviewed by the SFC). 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

CSOP Asset Management Limited
南方東英資產管理有限公司
2801-2803 & 3303-3304, 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 (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC). 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 Product:

Address: 2801-2803 & 3303-3304, 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.

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 Product (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 a Product 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 Products, 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 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 a Product 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).

TAXATION

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

Taxation of the Trust and Products

As the Trust and each Product have been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Trust and each Product are exempt from Hong Kong profits tax.

Taxation of the Unitholders

Where the Unitholders do not carry on a trade, profession or business in Hong Kong or the Units in the Products were acquired and are held by the Unitholders as capital assets for Hong Kong profits tax purposes, gains arising from the sale or disposal or redemption of the Units in a Product should not be taxable. For Unitholders carrying on a trade, profession or business in Hong Kong, such gains may be subject to Hong Kong profits tax (which is currently charged at the rate of 16.5% in the case of corporations, and 15% in the case of individuals and unincorporated business) if the gains in question arise in or are derived from such trade, profession or business and sourced in Hong Kong. Unitholders should take advice from their own professional advisers as to their particular tax position.

Distributions by the Trust/Products should generally not be subject to Hong Kong profits tax in the hands of the Unitholders.

Stamp duty

Hong Kong stamp duty is payable on the transfer of Hong Kong stock. “Hong Kong stock” is defined as “stock” the transfer of which is required to be registered in Hong Kong. The Units fall within the definition of “Hong Kong stock”.

Under a remission order issued by the Secretary for the Treasury on 20 October 1999, no Hong Kong stamp duty is payable on the delivery of Hong Kong stock by an investor to the Trust as consideration for an issue or redemption of Units. Hong Kong stamp duty is not payable on the issue or redemption of Units.

Stamp duty in respect of any transfer in the shares or units of an exchange traded fund (as defined in Part 1 to Schedule 8 of the Stamp Duty Ordinance) on the SEHK is not payable. Accordingly transfers of the Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

Hong Kong requirements regarding tax reporting

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires financial institutions ("FIs") in Hong Kong to collect certain required information relating to non-Hong Kong tax residents holding financial accounts with the FIs, and report such information to the Hong Kong Inland Revenue Department ("IRD") for the purpose of AEOI exchange. Generally, the information will be reported and automatically exchanged in respect of account holders that are tax resident in an AEOI partner jurisdiction(s) with which Hong Kong has a Competent Authority Agreement ("CAA") in force; however, the Trust and/or its agents may further collect information relating to residents of other jurisdictions.

The Trust is a collective investment scheme within the definition set out in the SFO that is resident in Hong Kong, and is accordingly an investment entity with obligations to report as a financial institution in accordance with the Ordinance. This means that the Trust and/or its agents shall collect and provide to the IRD the required information relating to Unitholders and prospective investors.

The Ordinance as implemented by Hong Kong require the Trust to, amongst other things: (i) register the Trust as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e. Unitholders) to identify whether any such accounts are considered "Reportable Accounts" under the Ordinance; and (iii) report to the IRD the required information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the required information reported to it to the government authorities of the jurisdictions with which Hong Kong has a CAA in force. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has a CAA in force; and (ii) certain entities controlled by individuals who are tax resident in such jurisdictions. Under the Ordinance, details of Unitholders, including but not limited to their name, place of birth, address, tax residence, tax identification number (if any), account number, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions.

By investing in the Products and/or continuing to invest in the Products, Unitholders acknowledge that they may be required to provide additional information to the Trust, the Manager and/or the Trust's agents in order for the Trust to comply with the Ordinance. The Unitholder's information (and information on controlling person including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are passive non-financial entities), may be transmitted by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Trust, the Manager and/or other agents of the Trust taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned.

Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Product(s).

PART 2 – SPECIFIC INFORMATION RELATING TO EACH PRODUCT

Part 2 of this Prospectus includes specific information relevant to each Product established under the Trust and listed on the SEHK. It is updated from time to time by the Manager. Information relating to each Product is set out in a separate Appendix.

The information presented in each Appendix in this Part 2 should be read in conjunction with the information presented in Part 1 of this Prospectus. Where the information in any Appendix in this Part 2 conflicts with the information presented in Part 1, the information in the relevant Appendix in the Part 2 prevails, however, is applicable to the specific Product of the relevant Appendix only.

Defined terms used in each of the Appendices and which are not defined in this Part 2, bear the same meanings as in Part 1 of this Prospectus. References in each Appendix to "Product" refer to the relevant Product which is the subject of that Appendix. References in each Appendix to "Index" refer to the relevant Index details of which are set out in that Appendix.

APPENDIX 1: CSOP NIFTY 50 DAILY (2X) LEVERAGED PRODUCT

Key Information

Set out below is a summary of key information in respect of the CSOP NIFTY 50 Daily (2x) Leveraged Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index
Index	Nifty 50 Index (the "Index")
Issue Price during the Initial Offer Period	USD2
Listing Date (SEHK)	20 July 2016
Exchange Listing	SEHK – Main Board
Stock Code	07202
Short Stock Name	FL2CSOP NIFTY50
Trading Board Lot Size	100 Units
Base Currency	USD
Trading Currency	HKD
Distribution Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs. Further, the Manager may, at its discretion, pay distributions out of capital or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of distributions and therefore, distributions may be paid effectively out of capital. All Units will receive distributions in the base currency (USD) only.
Creation/Redemption Policy	Cash (USD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 150,000 Units (or multiples thereof)

Dealing Deadline	3:00 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Ongoing Charges over a year# (Annual Average Daily Ongoing Charges*):	1.61% of average Net Asset Value (0.006%)
Management Fee	Currently 0.99% per year of the Net Asset Value
Financial Year End	31 December
Website	http://www.csopasset.com/L_NIFTY50

What is the Investment Objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

What is the Investment Strategy?

To achieve the investment objective of the Product, the Manager will adopt a futures-based replication strategy through investing directly in the nearest month futures contracts on the Nifty 50 Index listed on the SGX ("SGX Nifty Index Futures") subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

The investment strategy of the Product is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

In entering the SGX Nifty Index Futures each calendar month, the Manager anticipates that no more than 25% of the Net Asset Value of the Product from time to time will be used as margin to acquire the SGX Nifty Index Futures. Under exceptional circumstances (e.g. increased margin requirement by the SGX in extreme market turbulence), the margin requirement may increase. The Manager will immediately notify Unitholders if the margin requirement exceeds 25%.

Not less than 75% of the Net Asset Value (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) in cash (USD) will be invested in cash (USD) and other USD denominated

This is indicative only because the Product is newly established. It represents estimated ongoing expenses chargeable to the Product as a percentage of the estimated average Net Asset Value of the Product. The actual figure may be different from the estimated figure and may vary from year to year. This figure does not represent the estimated tracking error. The ongoing charges figure has been capped at a maximum of 1.61% of the average Net Asset Value of the Product since launch. Any ongoing expenses of the Product will be borne by the Manager and will not be charged to the Product if such expense would result in the ongoing charges figure exceeding 1.61%. An increase or removal of the cap is subject to prior approval of the SFC and one month's prior written notice to Unitholders.

* *This is indicative only because the Product is newly established. It is equal to the estimated ongoing charges figure over the first year of listing divided by the anticipated number of dealing days during that year. The actual figure may be different from the estimated figure and may vary from year to year.*

investment products, such as deposits with banks in Hong Kong and USD denominated investment-grade bonds and SFC authorised money market funds in accordance with the requirements of the Code. Yield in USD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to the Unitholders in USD.

Other than SGX Nifty Index Futures, the Manager has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes. The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to Unitholders before the Manager engages in any such investments.

The Product's global exposure to financial derivative instruments will not exceed 200% of its Net Asset Value (i) at the time of Daily rebalancing of the Product; and (ii) between each Daily rebalancing, unless due to market movements. For the calculation of global exposure, the commitment approach will be used, whereby the derivative positions are converted into the equivalent positions in the underlying assets embedded in those derivatives, i.e. the constituents of the Index, taking into account the prevailing value of the underlying assets, the counterparty risk, future market movements and time available to liquidate the positions.

Daily rebalancing of the Product

The Product will rebalance its position on a day when the SEHK, the SGX and the NSE are open for trading (i.e. a Business Day). On such days the Product will seek to rebalance its portfolio at or around the close of trading on the SGX, by increasing exposure in response to the Index's Daily gains or reducing exposure in response to the Index's Daily losses, so that its Daily leveraged exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as a leveraged product will rebalance its position following the movement of the Index by the end of trading on the SGX. Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of 200 to meet the objective of the Product. If the Index increases by 10% during the day, the Net Asset Value of the Product would have increased to 120, making the futures exposure of the Product 220. As the Product needs a futures exposure of 240, which is 2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional 20. Day 1 illustrates the rebalancing requirements if the Index falls by 5% on the subsequent day.

		Calculation	**Day 0**	**Day 1**	**Day 2**
(a)	Initial Product NAV		100	120	108
(b)	Initial futures exposure	(b) = (a) × 2	200	240	216
(c)	Daily Index change (%)		10%	-5%	5%
(d)	Profit / loss on futures	(d) = (b) × (c)	20	-12	10.8
(e)	Closing Product NAV	(e) = (a) + (d)	120	108	118.8
(f)	Futures exposure	(f) = (b) × (1+(c))	220	228	226.8
(g)	Target futures exposure to maintain leverage ratio	(g) = (e) × 2	240	216	237.6
(h)	**Required rebalancing amounts**	**(h) = (g) – (f)**	**20**	**-12**	**10.8**

The above figures are calculated before fees and expenses.

Futures roll

As the Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will roll the SGX Nifty Index Futures on a monthly basis. The futures roll for the SGX Nifty Index Futures will be done on a monthly basis during a 3 or 4 trading day period on the SGX shortly before expiration (e.g. by rolling from the spot month into the second month contracts by one-third each trading day for 3 trading days or one-fourth each trading day for 4 trading days before expiration of the SGX Nifty Index Futures).

What are SGX Nifty Index Futures?

SGX Nifty Index Futures are Futures Contracts on the Nifty 50 Index traded on the SGX. It is a derivative product traded on the SGX which allows foreign investors to take a position in the Indian market, without requiring investors to become "Foreign Institutional Investors" (as required for foreign investors participating on the Indian financial markets).

The key specifications of the SGX Nifty Index Futures are as follows:

Underlying index	Nifty 50 Index
Exchange	SGX
Trading hours (Singapore time)	Pre-opening auction session: 8.45 a.m. – 9.00 a.m. Opening: 9.00 a.m. – 6.10 p.m. Pre-closing auction session: 6.10 p.m. – 6.15 p.m.
Contract months	The two nearest serial months and March, June, September and December on a 1-year cycle As at 22 February 2017, February 2017, March 2017, April 2017, June 2017, September 2017, December 2017 contracts are traded on the SGX.
Last trading day	Last Thursday of the month. If this happens to fall on an India holiday, the last trading day for the SGX Nifty Index Futures shall be the preceding business day. The expiring contract shall close on its last trading day at 6.15 p.m.
Contract size	US$2 x SGX Nifty Index Futures price
Minimum price fluctuation	0.5 index point (US$1)
Settlement method	Cash settlement
Final settlement price	Official closing price of the Index, which is derived based on the average weighted prices of the individual component stocks of the Index during the last 30 minutes of trading. The official closing price will be rounded to two decimal places.

Position limit

A person (e.g. the Manager) shall not, through each SGX clearing member, own or control any combination of SGX Nifty Index Futures and the SGX Nifty 50 options that exceeds more than 25,000 futures-equivalent contracts net on the same side of the market and in all the contract months combined, unless otherwise separately approved by the SGX.

Price limits

a. An initial upper and lower price limit of 10% of the previous settlement price if the underlying cash market for the SGX Nifty Index Futures (i.e. the onshore NSE market) is closed

b. An intermediate upper and lower price limit of 15% of the previous settlement price (regardless of whether underlying cash market is open or closed)

c. A final upper and lower price limit of 20% of the previous settlement price (regardless of whether underlying cash market is open or closed)

There is a 5-minute cooling off period for all price limits. There are no price limits for the remaining of the SGX trading day after the final cooling off period. The price of the SGX Nifty Index Futures may go beyond 20% within a SGX trading day.

For the avoidance of doubt,

(i) when the 10% price limit is reached, a cooling off period will be triggered only if the onshore NSE market is closed. If a cooling off period is triggered when the 10% upper or lower price limit is reached, all resting bid and offer orders beyond the 10% price limit will automatically be removed from the order book;

(ii) once the initial upper and lower price limit of 10% is reached for the SGX trading day (regardless of whether a cooling off period for the 10% price limit is triggered), the SGX Nifty Index Future will then be subject to the intermediate and final price limits (15% and 20% respectively) for the remainder of the SGX trading day. If a cooling off period is triggered when the 15% or 20% upper or lower price limit is reached, orders outside of the prevailing price limits is not permitted, i.e. attempts to enter an order with a price that is outside of the 15%/20% limit will be rejected by the system until the cooling off period is over.

There shall be no price limits on the last trading day on the SGX of an expiring contract.

Other than the price limits as stated above, there are no circuit breaker rules applicable to the trading of the SGX Nifty Index Futures.

For more information, please refer to "Products" – "Derivatives" – "Financial Products" – "Equity Index" section on the SGX website (the contents of which has not been reviewed by the SFC).

The SGX acts as central clearing counterparty for all SGX Nifty Index Futures transactions.

Futures liquidity

As of 22 February 2017, the daily average volume and open interest of the SGX Nifty Index Futures for the year of 2017 are 76,023 and 361,765 respectively. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as a leveraged product tracking the Index.

Circuit Breaker System of the NSE

The NSE implements a market-wide circuit breaker system based on the movement of the S&P BSE Sensex Index or the Index. A market halt will take place: (i) when the price of either the S&P BSE Sensex Index or the Index moves ± 10%, for 45 minutes or 15 minutes (depending on the time of the day); (ii) when the price of either the S&P BSE Sensex Index or the Index moves ± 15%, for 1 hour 45 minutes or 45 minutes or remainder of the day (depending on the time of the day); and (iii) when the price of either the S&P BSE Sensex Index or the Index moves ± 20%, for the remainder of the day. There is also a pre-open call auction session post market halt.

Please refer to the NSE website for further information regarding the circuit breaker system on the Indian onshore securities market (this website has not been reviewed by the SFC): https://www.nseindia.com/products/content/equities/equities/circuit_breakers.htm.

The circuit breaker system only applies to the India onshore securities market and does not affect trading of SGX Nifty Index Futures or the rebalancing of the Product, and is not interdependent with the price limit of the SGX Nifty Index Futures' price limits, as described in the section "What are SGX Nifty Index Futures?" above.

Waiver of Investment Restriction

The applicable margin requirement for the SGX Nifty Index Futures may increase due to market volatility. The applicable margin requirement (including both the exchange's and brokers' requirements) may be increased to 10% or more, depending on market environment (e.g. change of margin policy by the SGX due to market volatility which was witnessed in 2008 – 2009). As such, the Manager has applied to the SFC, and the SFC has granted, a waiver in respect of the Product from the requirement under Chapter 8.4A(e) of the Code that the Product may not hold open positions in any Futures Contracts month for which the combined margin requirement represents 5% or more of the Net Asset Value of the Product. The purpose of the waiver is to enable the Manager in respect of the Product to pursue a futures-based, leveraged replication strategy with regards to holdings of SGX Nifty Index Futures which it otherwise would not be able to do. This enables the Manager to reduce the Product's tracking error.

In granting this waiver, the SFC has imposed the condition on the Product that (a) the Product's global exposure to financial derivative instruments will not exceed 200% of its Net Asset Value, (i) at the time of Daily rebalancing of the Product and (ii) between each Daily rebalancing, unless due to market movements; and (b) in calculating the Product's global exposure to financial derivative instruments, the commitment approach will be used, whereby the derivative positions of the Product are converted into the equivalent positions in the underlying assets embedded in those derivatives, taking into account the prevailing value of the underlying assets, i.e. the constituents of the Index, the counterparty risk, future market movements and the time available to liquidate the positions.

Borrowing policy and restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As at the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General Information on the Index

The Index, which was launched in April 1996, is a float-adjusted market capitalisation weighted index that tracks the behaviour of a portfolio of blue chip companies, the largest and most liquid Indian securities listed on the National Stock Exchange of India Ltd. (the "NSE"). On 22 February 2017, the Index had a net market capitalisation of INR32.87 trillion and includes 50 constituents listed on the NSE, capturing approximately 63% of the total float-adjusted market capitalisation of the NSE. The Index is denominated in Indian rupee ("INR") and is published throughout the trading hours of the NSE.

The Index is a price return, float-adjusted market capitalisation weighted index. A price return index calculates the performance of the index constituents on the basis that any dividends or distributions are not included in the index returns.

Index Provider

The Index is compiled and managed by India Index Services and Products Ltd ("IISL" or the "Index Provider").

The Manager (and each of its Connected Persons) is independent of IISL.

Index Methodology

The Index is computed using a float-adjusted, market capitalisation weighted methodology, wherein the level of the Index reflects the total market value of all the stocks in the Index relative to a particular base period. The methodology also takes into account constituent changes in the index and corporate actions such as stock splits, rights issuance, etc., without affecting the index value.

Selection of the index set is based on the following criteria:

(1) Liquidity

For inclusion in the Index, the security should have traded at an average "impact cost" (as defined below) of 0.50% or less during the last six months, for 90% of the observations. "Impact cost" is the cost of executing a transaction in a security in proportion to its index weight, measured by market capitalisation at any point in time. This is the percentage mark-up suffered while buying/selling the desired quantity of a security compared to its ideal price – (best buy + best sell)/2.

(2) Float-Adjusted Market Capitalisation

Companies eligible for inclusion in the Index must have at least twice the float-adjusted market capitalisation of the current smallest index constituent.

(3) Domicile

The company must be domiciled in India and trade on the NSE.

(4) Eligible Securities

All common shares listed on the NSE (which are of equity and not of a fixed income nature) are eligible for inclusion in the Index. Convertible stock, bonds, warrants, rights, and preferred stock that provide a guaranteed fixed return are not eligible.

(5) Other Variables

A company which comes out with an IPO is eligible for inclusion in the Index if it fulfills the normal eligibility criteria – impact cost, float-adjusted market capitalisation and float – for a three-month period instead of a six-month period.

Differential Voting Rights:

Equity securities with Differential Voting Rights ("DVR") are eligible for inclusion in the Index subject to fulfilment of the following criteria:

- Market capitalisation criteria is measured at a company level by aggregating the market capitalisation of individual class of security meeting the liquidity criteria for the Index.

- Free float of DVR equity class share should be at least 10% of free-float market capitalisation of the company (voting equity class share and DVR equity class share) and 100% free-float market capitalisation of last security in the Index.

- It should meet liquidity criteria applicable for the Index.

- Upon inclusion of DVRs in the index, the Index may not have fixed number of securities.

- It is possible that the DVR is eligible for inclusion in the Index whereas the full voting rights security class is ineligible. In such scenario, the DVRs shall be included in the Index irrespective of whether full voting rights share class is part of the Index.

In order to become eligible for inclusion in the Index, a stock must be available for trading in NSE's futures and options segment.

The Index is reviewed semi-annually, and a four-week notice is given to the market before making any changes to the index constituents.

Index Calculation

*Market Capitalisation = Shares outstanding * Price*

*Free Float Market Capitalisation = Shares outstanding * Price * Investable Weight Factor*

*Index Value = Current Market Value / Base Market Capital * Base Index Value (1000)*

Base market capital of the Index is the aggregate market capitalisation of each script in the Index during the base period. The market capitalisation during the base period is equated to an Index value of 1000 known as the base Index value.

Top 10 Constituents

As at 22 February 2017, the 10 largest constituent stocks of the Index as listed below, represented 52.45% of the Index:

Rank	Constituent Name	Weighting (%)
1.	HDFC Bank Ltd.	8.57
2.	ITC Ltd.	6.80
3.	Housing Development Finance Corporation Ltd.	6.72
4.	Reliance Industries Ltd.	6.08
5.	Infosys Ltd.	6.02
6.	ICICI Bank Ltd.	5.07
7.	Tata Consultancy Services Ltd.	3.90
8.	Larsen & Toubro Ltd.	3.69
9.	Kotak Mahindra Bank Ltd.	2.89
10.	Axis Bank Ltd.	2.71

You can obtain the most updated list of the constituents of the Index and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at http://www.nseindia.com/ (the contents of which has not been reviewed by the SFC).

Index Code and Information about the Index

Bloomberg: NIFTY
Reuters:.NSEI

You can obtain additional information concerning the Index (including Index fact sheets, methodology, end of day Index levels and Index performance) from the website of the Index Provider at (http://www.nseindia.com/) (the contents of which has not been reviewed by the SFC). The Index (which is maintained by the Index Provider) is available in real time globally via information vendors Bloomberg and Reuters. The end of day Index is available on the website of the Index Provider.

Comparison between the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance)

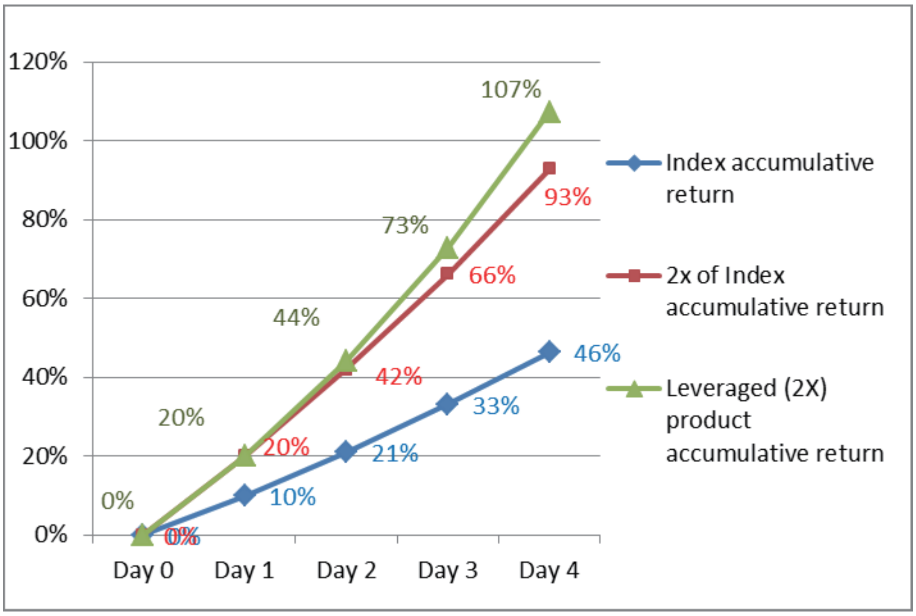
The Product's objective is to provide returns which are of a predetermined leverage factor (2x) of the Daily performance of the Index. As such, the Product's performance may not track twice the accumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by 200% generally will not equal 200% of the Product's performance over the same period. It is also expected that the Product will underperform the return of 200% of the Index in a trendless or flat market. This is caused by compounding, which is the accumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical $100 investment in the Product.

Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated return will be greater than twice the accumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 107%, compared with a 93% gain which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged (2X) product Daily return	Leveraged (2X) product NAV	Leveraged (2X) product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	10%	121.00	21%	20%	144.00	44%	42%	2%
Day 3	10%	133.10	33%	20%	172.80	73%	66%	7%
Day 4	10%	146.41	46%	20%	207.36	107%	93%	15%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.

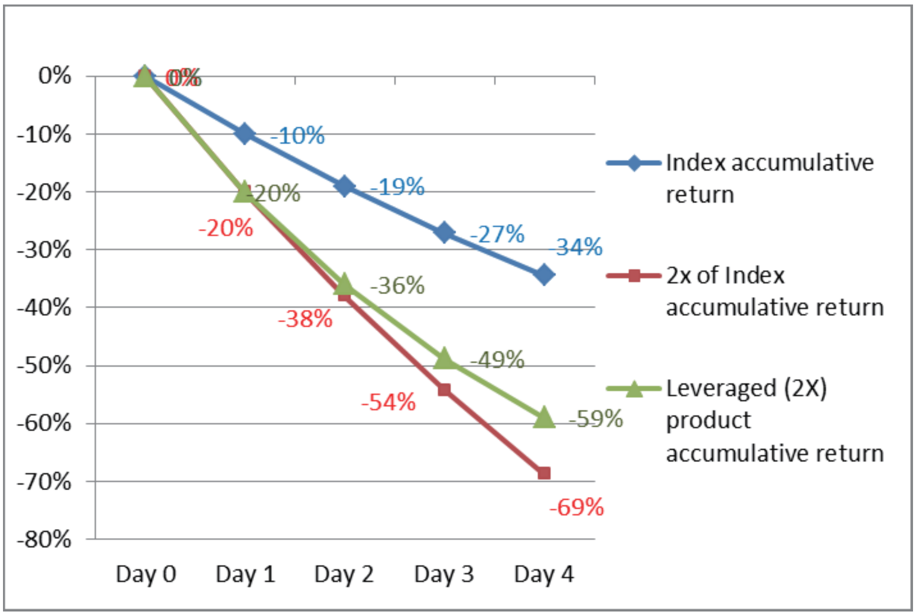


Scenario 2: Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated loss will be less than twice the accumulative Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 59%, compared with a 69% loss which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	-10%	81.00	-19%	-20%	64.00	-36%	-38%	2%
Day 3	-10%	72.90	-27%	-20%	51.20	-49%	-54%	5%
Day 4	-10%	65.61	-34%	-20%	40.96	-59%	-69%	10%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

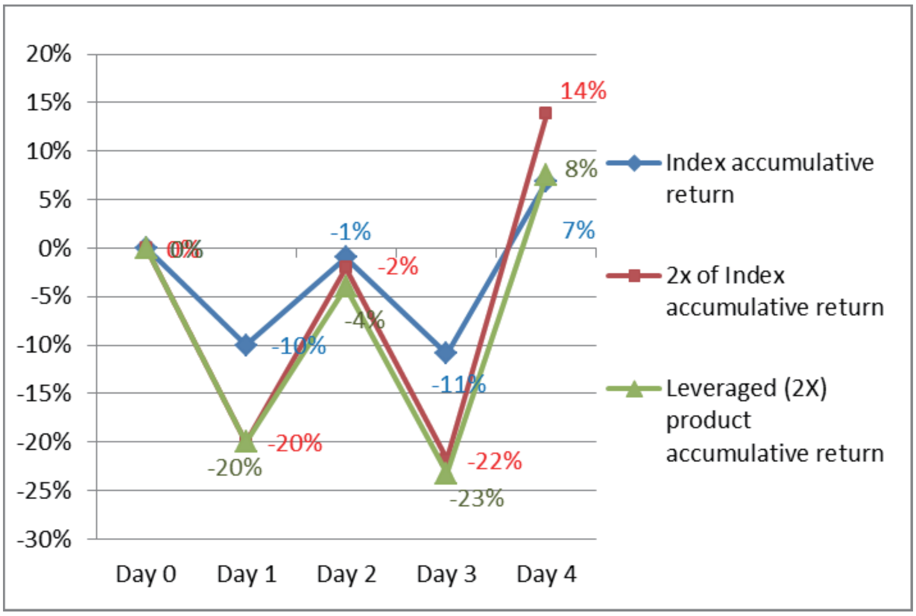


Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 8%, compared with a 14% gain which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-10%	89.10	-11%	-20%	76.80	-23%	-22%	-1%
Day 4	20%	106.92	7%	40%	107.52	8%	14%	-6%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.

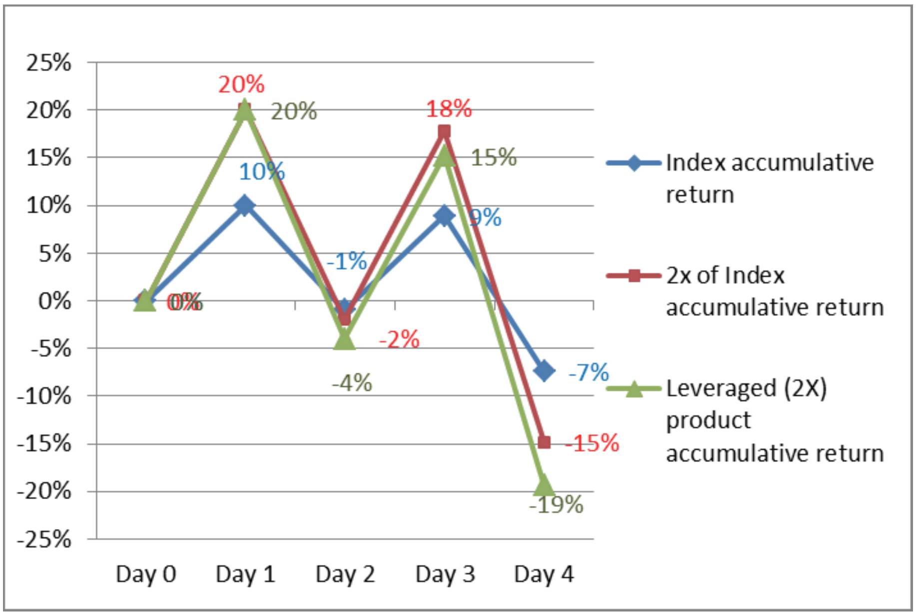


Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 19%, compared with a 15% loss which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	-10%	99.00	-1%	-20%	96.00	-4%	-2%	-2%
Day 3	10%	108.90	9%	20%	115.20	15%	18%	-3%
Day 4	-15%	92.57	-7%	-30%	80.64	-19%	-15%	-4%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.

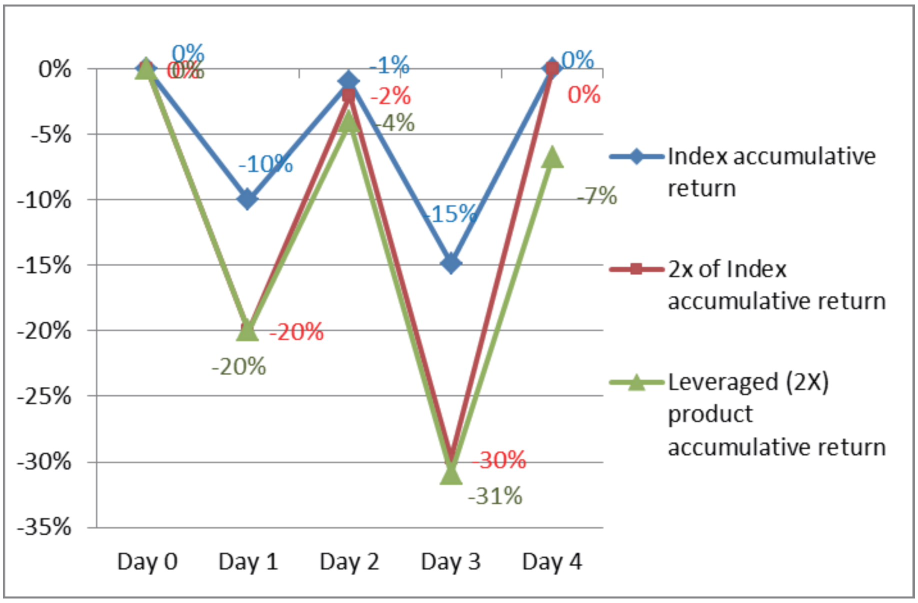


Scenario 5: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-14%	85.14	-15%	-28%	69.12	-31%	-30%	-1%
Day 4	17%	100.00	0%	35%	93.24	-7%	0%	-7%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables, the accumulative performance of the Product is not equal to twice the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the performance of the Index multiplied by two (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may not be twice the return of the Index and may be completely uncorrelated to the extent of change of the Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at http://www.csopasset.com/L_NIFTY50, which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product tracks the leveraged performance of the Index, if observed on a Daily basis. However, due to path dependency of the Index and the Daily leveraged performance of the Index, when comparing the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical leveraged performance of the Index will not be equal to the simple leveraged performance of the Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Index and the leveraged performance of the Index. *Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.*

	Index		**Product (Index with a leverage factor of two)**	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	+20.00%	120.00
Day 3	-9.09%	100.00	-18.18%	98.18

Assuming the Product tracks twice the performance of the Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of the Product will be twice of the Index. That is, the Net Asset Value of the Product will rise by 20.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will fall by 18.18% if the Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Index and closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple performance of the Index multiplied by two.

Index Licence Agreement

The licence of the Index commenced on 10 February 2016 and should continue until terminated by either the Manager or the Index Provider by giving the other party sixty days prior written notice, or otherwise terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The Product is not sponsored, endorsed, sold or promoted by IISL. IISL does not make any representation or warranty, express or implied, to the owners of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product particularly or the ability of Nifty 50 Index to track general stock market performance in India. IISL does not have any obligation to take the needs of the Manager or the owners of the Product into consideration in determining, composing or calculating the Nifty 50 Index. IISL is not responsible for or has not participated in the determination of the timing of, prices at, or quantities of the Product to be issued or in the determination or calculation of the equation by which the Product is to be converted into cash. IISL has no obligation or liability in connection with the administration, marketing or trading of the Product.

IISL does not guarantee the accuracy and/or the completeness of the Nifty 50 Index or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. IISL makes no warranty, express or implied, as to results to be obtained by the Manager, owners of the Product, or any other person or entity from the use of the Nifty 50 Index or any data included therein. IISL makes no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, IISL expressly disclaim any and all liability for any damages or losses arising out of or related to the Product including any and all direct, special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

The Offering Phases

After Listing

"After Listing" commences on the Listing Date and continues until the Trust is terminated.

Dealings in the Units on the SEHK commenced on the Listing Date (20 July 2016).

All investors may buy and sell Units in the secondary market on the SEHK through any designated brokers. Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market in Application Unit size, from 8:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) on each Dealing Day.

Exchange Listing and Trading (Secondary Market)

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

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 one or more other stock exchanges. Investors' attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Dealings on the SEHK in Units traded in HKD began on 20 July 2016.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

Distribution Policy

The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the Product.

The Manager may, at its discretion, pay distributions out of capital. The Manager may also, at its discretion, pay distributions out of gross income while all or part of the fees and expenses of the Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of capital. Investors should note that payments of distributions 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 out of or effectively out of the Product's capital may result in an immediate reduction in the Net Asset Value per Unit and will reduce any capital appreciation for the Unitholders.

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/L_NIFTY50.

The distribution policy may be amended subject to the SFC's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the base currency of the Product (i.e. USD). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in USD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/L_NIFTY50 and on HKEx's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx.

There can be no assurance that distributions will be paid.

Each Unitholder will receive distributions in USD. In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning 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.

Fees and Expenses

Management Fee

The Product pays a Management Fee as a single flat fee, currently at 0.99% per year of the Net Asset Value of the Product. Please refer to the section "Fees and Expenses" as to the fees and charges included in the Management Fee. The Management Fee is calculated as at each Dealing Day and payable monthly in USD in arrears out of the Trust Fund.

The Management Fee may be increased up to 3% per year of the Net Asset Value of the Product, on one month's notice to Unitholders (or such shorter period as approved by the SFC). In the event that such fee is to be increased beyond this rate (which is the maximum rate set out in the Trust Deed), such increase will be subject to the Unitholders' and the SFC's approval.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its institutional rates.

Such institutional market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately USD2 to USD6 per Future Contract levied by the broker.

The above rates will amount to approximately 0.02%-0.04% per annum of the Net Asset Value and may increase to approximately 0.15% or more per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Risk Factors Specific to the Product

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable specifically to the Product.

New Product Risk

The Product is a futures-based listed leveraged product which aims to provide investment results that, before fees and expenses, closely correspond to the leveraged performance of the Index on a Daily basis. The Product is one of the first futures-based listed leverage products in Hong Kong. The novelty and untested nature of such a listed leveraged product and the fact that the Product is one of the first of its kind makes the Product riskier than traditional exchange traded funds which track the "long" performance (investing in equity Securities) rather than leveraged performance of an index. There can be no assurance that the Product will achieve its investment objective.

Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss may be more than twice the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the leveraged performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance increases or is flat.

Leverage Risk

The Product will utilise leverage to achieve a Daily return equivalent to twice (2x) the return of the Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage.

Risk of Rebalancing Activities

There is no assurance that the Product can rebalance their portfolio on a Daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity Risk

The rebalancing activities of the Product typically take place near the end of trading of the SGX, shortly before the close of the SGX, to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Intraday Investment Risk

The Product is normally rebalanced at the end of trading on the SGX on a Business Day. As such, return for investors that invest for period less than a full Trading Day will generally be greater than or less than two times (2x) leveraged investment exposure to the Index, depending upon the movement of the Index from the end of one Trading Day until the time of purchase.

Portfolio Turnover Risk

Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

Investments in Futures Contracts exposes the Product to a liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Contango Risk

The process of rolling will subject the Product to contango risks. For example, a Futures Contract may specify a March expiration. As time passes, the Futures Contract expiring in March is replaced by a contract for expiry in April by selling the March contract and purchasing the April contract. Excluding other considerations, if the market for these Futures Contracts is in "contango", where the prices are higher in the distant expiry months than in the nearer expiry months, the sale of the March contract would take place at a price that is lower than the price of the April contract. Accordingly sale proceeds when rolling (selling and then buying the Futures Contracts) will not be sufficient to purchase the same number of Futures Contracts which have a higher price, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin Risk

Generally, most leveraged transactions, such as Futures Contracts, involve the posting of margin or collateral. Because of the low margin deposits or collateral normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. Like other leveraged investments, a futures transaction by the Product may result in losses in excess of the amount invested by the Product. Additional funds may need to be posted as margin or collateral to meet such calls based upon daily marking to market of Futures Contracts. Increases in the amount of margin or collateral or similar payments may result in the need for the Product to liquidate its investments at unfavourable prices in order to meet margin or collateral calls. This may result in substantial losses to Unitholders.

Futures Contracts Market Risks

Futures Contracts markets may be uncorrelated to traditional markets (such as equities markets) and are subject to greater risks than other markets. It is a feature of Futures Contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of Futures Contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments. In some cases, far-reaching political changes may result in constitutional and social tensions, instability and reaction against market reforms.

Clearing House's Failure Risk

In the event of the bankruptcy of the exchange's clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable Singapore law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange's clearing house if the exchange's clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

Holding of Futures Contracts Restriction Risk

The holding by a person for his own account, or for another person but which he controls, of particular type of Futures Contracts or stock options contracts may be limited by regulation. A person (e.g. the Manager) shall not own or control, through each SGX clearing member, any combination of SGX Nifty Index Futures and options on the Index traded on the SGX that exceeds more than 25,000 futures-equivalent contracts net on the same side of the market and in all the contract months combined, unless otherwise separately approved by the SGX. Because Unitholders do not themselves hold Futures Contracts or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the relevant regulation. Whilst the Manager does not anticipate that this will have any immediate effect on a Product, if the Net Asset Value of a Product grows significantly the restrictions under the relevant regulation may prevent creations of Units due to the inability under the relevant regulation of the Product to acquire further Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The inability to acquire further SGX Nifty Index Futures may also impair the Manager's ability to perform the Daily rebalancing which could result in the Product being unable to achieve its investment objective.

Regulatory change risk

The regulation of Futures Contracts, and futures transactions in general, is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any such regulatory changes on the Product is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the Product and what can be done, if anything, to try and limit such impact.

Price Limit Risk

The Product's investment objective is to provide investment results that closely correspond to twice (2x) the Daily performance of the Index. Although the Index is an equity index, the Product will invest in SGX Nifty Index Futures. If the price of the SGX Nifty Index Futures included in the Product's portfolio hits certain price limits, trading of the SGX Nifty Index Futures will be suspended for a short period of time. This may limit Daily rebalancing if it takes place close to the end of trading on the SGX, and may potentially increase tracking error.

Index Constituents Trading Halt Risk

Trading of the constituents of the Index on the NSE is subject to a circuit breaker system whereby there will be market halt (from 15 minutes to remainder of the day, depending on the trigger limit and time) if the Index or the S&P BSE Sensex Index moves by ± 10% or ± 15% or ± 20%, as described above. The price limits for SGX Nifty Index Futures are ± 10% or ±15% or ± 20% (with 5 minutes cooling-off periods for each price limit). As a result, the price of the SGX Nifty Index Futures may go beyond ± 20% on a SGX trading day, while there may be trading suspension in the event that the level of the Index reaches the ± 20% limit on a trading day on the NSE due to the circuit breaker system. As such, there may continue to be price movements beyond ± 20% for the SGX Nifty Index Futures when constituents of the Index are subject to a market halt for the remainder of the day, which may result in tracking difference.

Trading Hours Difference Risk

The SGX and the NSE have different trading hours. Also, in events of excessive volatility, trading may be suspended during different times for the SGX Nifty Index Futures (a cooling off period may be imposed) and for the Indian onshore market, hence the constituents of the Index, due to different rules on the SGX and the NSE as described above. The duration of trading suspension for the SGX Nifty Index Futures is generally shorter than that of a market halt on the India onshore market. As a result, the trading and the price of the SGX Nifty Index Futures may be driven solely by market forces when the underlying constituents in the Index are not trading: (i) where the NSE is closed when the SGX is open for trading, (ii) on days when both the NSE and the SGX are open for normal trading, due to their different trading hours, or (iii) where there is a market halt on the NSE. As such, the SGX Nifty Index Futures may deliver a different return than the leveraged Index return, which may affect the Product's delivery of its investment objective.

Leveraged Performance of Index

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than leveraged performance of an index. Should the value of the underlying Securities of the Index decrease, the use of a leverage factor of 2 in the Product will trigger an accelerated decrease in the value of the Product's Net Asset Value compared to the Index (which has a leverage factor of 1, i.e. no leverage). As such, Unitholders could, in certain circumstances including a bear market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with leverage and Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily leveraged results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the leveraged performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking a leveraged position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily leveraged performance of the Index over a certain period may not be twice the point-to-point performance of the Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Index. Please refer to the section "Explanation on Path Dependency" above.

Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, may deviate from the leveraged performance of the Index.

Risks Relating to India

Economic, Political and Taxation Considerations Risk

The Product may be affected generally by exchange rates and controls, interest rates, changes in Indian governmental policy, liquidity, regulatory, taxation, social and religious instability and other political, economic or other developments in or affecting India.

Geographic Risks

India is located in a part of the world that has historically been prone to natural disasters such as earthquakes, volcanoes and tsunamis, and India is economically sensitive to environmental events. In addition, the agricultural sector is an important component of the Indian economy and adverse weather may have a significant negative effect on the Indian economy. Any such natural disaster could cause a significant impact on the Indian economy causing an adverse impact on the Product.

Fraudulent Practices Risk

The Securities and Exchange Board of India ("SEBI") was set up by the Government in April 1992, and performs the function of "promoting the development of and regulation of the Indian securities market, the protection of the interest of shareholders as well as matters connected therewith and incidental thereto". The Securities and Exchange Board of India Act of 1992 has entrusted the SEBI with much wider powers and duties, which inter alia, include prohibition of fraudulent and unfair trade practices relating to the stock markets including insider trading and regulation of substantial acquisitions of shares and takeovers of companies. The Indian stock exchanges have been subject to broker defaults, failed trades and settlement delays in the past and such events may have an adverse impact on the value of Units of the Product. In addition, in the event of occurrence of any of the above events, or in the event of SEBI having reasonable ground to believe that the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market, SEBI can impose restrictions on trading in certain securities, limitations on price movements and margin requirements.

Currency risk

As the Product's base currency is USD and the SGX Nifty Index Futures are denominated in USD, the value of Units of the Product that are traded on the SEHK in HKD will be affected by changes in exchange rate between USD and HKD. Investors trading in the secondary market may be subject to additional costs or losses associated with foreign currency fluctuations when trading in Units of the Product.

Indirect currency risk

Although the Product and the SGX Nifty Index Futures are both denominated in USD, the constituents of the Index are traded in INR. Exchange rate fluctuations between USD and INR will be reflected in the value of the SGX Nifty Index Futures. As such, the Product may be highly sensitive to the foreign exchange movement of INR. If the INR:USD exchange rate moves in an unfavourable direction, investors in the Product may suffer loss.

Suspension of creation risk

There can be no assurance that there are sufficient SGX Nifty Index Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product 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 illiquidity of the SGX Nifty Index Futures, and delay or disruption in execution of trades or in settlement of trades.

Investment in Other Funds Risk

As part of the Product's investment strategy, the Manager may invest in other investment products such as SFC authorised money market funds. Although such funds will be regulated in Hong Kong, the Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. In particular, as an investor in such funds, the Product will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the Product to the Manager.

Distributions Risk

Distributions will be in USD. If a Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency.

Distributions Out Of or Effectively Out Of Capital Risk

The Manager may, at its discretion make distributions out of capital. The Manager may also, at its discretion, make distributions out of gross income while all or part of the fees and expenses of a Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of the capital. Payment of distributions 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 distributions out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset Value per Unit. The Manager may amend its distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Appendix dated 10 March 2017

APPENDIX 2: CSOP NIFTY 50 DAILY (-1X) INVERSE PRODUCT

Key Information

Set out below is a summary of key information in respect of the CSOP NIFTY 50 Daily (-1x) Inverse Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the Daily performance of the Index
Index	Nifty 50 Index (the "Index")
Issue Price during the Initial Offer Period	USD2
Listing Date (SEHK)	20 July 2016
Exchange Listing	SEHK – Main Board
Stock Code	07335
Short Stock Name	FICSOP NIFTY50
Trading Board Lot Size	100 Units
Base Currency	USD
Trading Currency	HKD
Distribution Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs. Further, the Manager may, at its discretion, pay distributions out of capital or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of distributions and therefore, distributions may be paid effectively out of capital. All Units will receive distributions in the base currency (USD) only.
Creation/Redemption Policy	Cash (USD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 150,000 Units (or multiples thereof)

Dealing Deadline	3:00 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Ongoing Charges over a year# (Annual Average Daily Ongoing Charges*):	1.85% of average Net Asset Value (0.007%)
Management Fee	Currently 0.99% per year of the Net Asset Value
Financial Year End	31 December
Website	http://www.csopasset.com/I_NIFTY50

What is the Investment Objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

What is the Investment Strategy?

To achieve the investment objective of the Product, the Manager will adopt a futures-based replication strategy through investing directly in the nearest month futures contracts on the Nifty 50 Index listed on the SGX ("SGX Nifty Index Futures") subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

The investment strategy of the Product is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

In entering the SGX Nifty Index Futures each calendar month, the Manager anticipates that no more than 12.5% of the Net Asset Value of the Product from time to time will be used as margin to acquire the SGX Nifty Index Futures. Under exceptional circumstances (e.g. increased margin requirement by the SGX in extreme market turbulence), the margin requirement may increase. The Manager will immediately notify Unitholders if the margin requirement exceeds 12.5%.

This is indicative only because the Product is newly established. It represents estimated ongoing expenses chargeable to the Product as a percentage of the estimated average Net Asset Value of the Product. The actual figure may be different from the estimated figure and may vary from year to year. This figure does not represent the estimated tracking error. The ongoing charges figure has been capped at a maximum of 1.85% of the average Net Asset Value of the Product since launch. Any ongoing expenses of the Product will be borne by the Manager and will not be charged to the Product if such expense would result in the ongoing charges figure exceeding 1.85%. An increase or removal of the cap is subject to prior approval of the SFC and one month's prior written notice to Unitholders.

* *This is indicative only because the Product is newly established. It is equal to the estimated ongoing charges figure over the first year of listing divided by the anticipated number of dealing days during that year. The actual figure may be different from the estimated figure and may vary from year to year.*

Not less than 87.5% of the Net Asset Value (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) in cash (USD) will be invested in cash (USD) and other USD denominated investment products, such as deposits with banks in Hong Kong and USD denominated investment-grade bonds and SFC authorised money market funds in accordance with the requirements of the Code. Yield in USD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to the Unitholders in USD.

Other than SGX Nifty Index Futures, the Manager has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes. The Manager will seek the prior approval of the SFC and provide at least one month's prior notice to Unitholders before the Manager engages in any such investments.

The Product's global exposure to financial derivative instruments will not exceed -100% of its Net Asset Value (i) at the time of Daily rebalancing of the Product; and (ii) between each Daily rebalancing, unless due to market movements. For the calculation of global exposure, the commitment approach will be used, whereby the derivative positions are converted into the equivalent positions in the underlying assets embedded in those derivatives, i.e. the constituents of the Index, taking into account the prevailing value of the underlying assets, the counterparty risk, future market movements and time available to liquidate the positions.

Daily rebalancing of the Product

The Product will rebalance its position on a day when the SEHK, the SGX and the NSE are open for trading (i.e. a Business Day). On such days the Product will seek to rebalance its portfolio at or around the close of trading on the SGX, by decreasing exposure in response to the Index's Daily gains or increasing exposure in response to the Index's Daily losses, so that its Daily inverse exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as an inverse product will rebalance its position following the movement of the Index by the end of the trading on the SGX. Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of -100 to meet the objective of the Product. If the Index decreases by 10% during the day, the Net Asset Value of the Product would have increased to 110, making the futures exposure of the Product -90. As the Product needs a futures exposure of -110, which is -1x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional -20. Day 1 illustrates the rebalancing requirements if the Index increases by 5% on the subsequent day.

		Calculation	Day 0	Day 1	Day 2
(a)	Initial Product NAV		100	110	104.5
(b)	Initial futures exposure	(b) = (a) × -1	-100	-110	-104.5
(c)	Daily Index change (%)		-10%	5%	-5%
(d)	Profit/loss on futures	(d) = (b) × (c)	10	-5.5	5.225
(e)	Closing Product NAV	(e) = (a) + (d)	110	104.5	109.725
(f)	Futures exposure	(f) = (b) × (1+(c))	-90	-115.5	-99.275
(g)	Target futures exposure to maintain inverse ratio	(g) = (e) × -1	-110	-104.5	-109.73
(h)	**Required rebalancing amounts**	**(h) = (g) – (f)**	**-20**	**11**	**-10.45**

The above figures are calculated before fees and expenses.

Futures roll

As the Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will roll the SGX Nifty Index Futures on a monthly basis. The futures roll for the SGX Nifty Index Futures will be done on a monthly basis during a 3 or 4 trading day period on the SGX shortly before expiration (e.g. by rolling from the spot month into the second month contracts by one-third each trading day for 3 trading days or one-fourth each trading day for 4 trading days before expiration of the SGX Nifty Index Futures).

What are SGX Nifty Index Futures?

SGX Nifty Index Futures are Futures Contracts on the Nifty 50 Index traded on the SGX. It is a derivative product traded on the SGX which allows foreign investors to take a position in the Indian market, without requiring investors to become "Foreign Institutional Investors" (as required for foreign investors participating on the Indian financial markets).

The key specifications of the SGX Nifty Index Futures are as follows:

Underlying index	Nifty 50 Index
Exchange	SGX
Trading hours (Singapore time)	Pre-opening auction session: 8.45 a.m. – 9.00 a.m. Opening: 9.00 a.m. – 6.10 p.m. Pre-closing auction session: 6.10 p.m. – 6.15 p.m.
Contract months	The two nearest serial months and March, June, September and December on a 1-year cycle As at 22 February 2017, February 2017, March 2017, April 2017, June 2017, September 2017, December 2017 contracts are traded on the SGX.

Last trading day	Last Thursday of the month. If this happens to fall on an India holiday, the last trading day for the SGX Nifty Index Futures shall be the preceding business day. The expiring contract shall close on its last trading day at 6.15 p.m.
Contract size	US$2 x SGX Nifty Index Futures price
Minimum price fluctuation	0.5 index point (US$1)
Settlement method	Cash settlement
Final settlement price	Official closing price of the Index, which is derived based on the average weighted prices of the individual component stocks of the Index during the last 30 minutes of trading. The official closing price will be rounded to two decimal places.
Position limit	A person (e.g. the Manager) shall not, through each SGX clearing member, own or control any combination of SGX Nifty Index Futures and the SGX Nifty 50 options that exceeds more than 25,000 futures-equivalent contracts net on the same side of the market and in all the contract months combined, unless otherwise separately approved by the SGX.
Price limits	a. An initial upper and lower price limit of 10% of the previous settlement price if the underlying cash market for the SGX Nifty Index Futures (i.e. the onshore NSE market) is closed b. An intermediate upper and lower price limit of 15% of the previous settlement price (regardless of whether underlying cash market is open or closed) c. A final upper and lower price limit of 20% of the previous settlement price (regardless of whether underlying cash market is open or closed) There is a 5-minute cooling off period for all price limits. There are no price limits for the remaining of the SGX trading day after the final cooling off period. The price of the SGX Nifty Index Futures may go beyond 20% within a SGX trading day. For the avoidance of doubt,

(i) when the 10% price limit is reached, a cooling off period will be triggered only if the onshore NSE market is closed. If a cooling off period is triggered when the 10% upper or lower price limit is reached, all resting bid and offer orders beyond the 10% price limit will automatically be removed from the order book;

(ii) once the initial upper and lower price limit of 10% is reached for the SGX trading day (regardless of whether a cooling off period for the 10% price limit is triggered), the SGX Nifty Index Future will then be subject to the intermediate and final price limits (15% and 20% respectively) for the remainder of the SGX trading day. If a cooling off period is triggered when the 15% or 20% upper or lower price limit is reached, orders outside of the prevailing price limits is not permitted, i.e. attempts to enter an order with a price that is outside of the 15%/20% limit will be rejected by the system until the cooling off period is over.

There shall be no price limits on the last trading day on the SGX of an expiring contract.

Other than the price limits as stated above, there are no circuit breaker rules applicable to the trading of the SGX Nifty Index Futures.

For more information, please refer to “Products” – ”Derivatives” – ”Financial Products” – ”Equity Index” section on the SGX website (the contents of which has not been reviewed by the SFC).

The SGX acts as central clearing counterparty for all SGX Nifty Index Futures transactions.

Futures liquidity

As of 22 February 2017, the daily average volume and open interest of the SGX Nifty Index Futures for the year of 2017 are 76,023 and 361,765 respectively. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as an inverse product tracking the Index.

Circuit Breaker System of the NSE

The NSE implements a market-wide circuit breaker system based on the movement of the S&P BSE Sensex Index or the Index. A market halt will take place: (i) when the price of either the S&P BSE Sensex Index or the Index moves ± 10%, for 45 minutes or 15 minutes (depending on the time of the day); (ii) when the price of either the S&P BSE Sensex Index or the Index moves ± 15%, for 1 hour 45 minutes or 45 minutes or remainder of the day (depending on the time of the day); and (iii) when the price of either the S&P BSE Sensex Index or the Index moves ± 20%, for the remainder of the day. There is also a pre-open call auction session post market halt.

Please refer to the NSE website for further information regarding the circuit breaker system on the Indian onshore securities market (this website has not been reviewed by the SFC): https://www.nseindia.com/products/content/equities/equities/circuit_breakers.htm.

The circuit breaker system only applies to the India onshore securities market and does not affect trading of SGX Nifty Index Futures or the rebalancing of the Product, and is not interdependent with the price limit of the SGX Nifty Index Futures' price limits, as described in the section "What are SGX Nifty Index Futures?" above.

Waiver of Investment Restriction

The applicable margin requirement for the SGX Nifty Index Futures may increase due to market volatility. The applicable margin requirement (including both the exchange's and brokers' requirements) may be increased to 10% or more, depending on market environment (e.g. change of margin policy by the SGX due to market volatility which was witnessed in 2008 – 2009). As such,the Manager has applied to the SFC, and the SFC has granted, a waiver in respect of the Product from the requirement under Chapter 8.4A(e) of the Code that the Product may not hold open positions in any Futures Contracts month for which the combined margin requirement represents 5% or more of the Net Asset Value of the Product. The purpose of the waiver is to enable the Manager in respect of the Product to pursue a futures-based, inverse replication strategy with regards to holdings of SGX Nifty Index Futures which it otherwise would not be able to do. This enables the Manager to reduce the Product's tracking error.

In granting this waiver, the SFC has imposed the condition on the Product that (a) the Product's global exposure to financial derivative instruments will not exceed -100% of its Net Asset Value, (i) at the time of Daily rebalancing of the Product and (ii) between each Daily rebalancing, unless due to market movements; and (b) in calculating the Product's global exposure to financial derivative instruments, the commitment approach will be used, whereby the derivative positions of the Product are converted into the equivalent positions in the underlying assets embedded in those derivatives, taking into account the prevailing value of the underlying assets, i.e. the constituents of the Index, the counterparty risk, future market movements and the time available to liquidate the positions.

Borrowing policy and restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As at the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General Information on the Index

The Index, which was launched in April 1996, is a float-adjusted market capitalisation weighted index that tracks the behaviour of a portfolio of blue chip companies, the largest and most liquid Indian securities listed on the National Stock Exchange of India Ltd. (the "NSE"). On 22 February 2017, the Index had a net market capitalisation of INR32.87 trillion and includes 50 constituents listed on the NSE, capturing approximately 63% of the total float-adjusted market capitalisation of the NSE. The Index is denominated in Indian rupee ("INR") and is published throughout the trading hours of the NSE.

The Index is a price return, float-adjusted market capitalisation weighted index. A price return index calculates the performance of the index constituents on the basis that any dividends or distributions are not included in the index returns.

Index Provider

The Index is compiled and managed by India Index Services and Products Ltd ("IISL" or the "Index Provider").

The Manager (and each of its Connected Persons) is independent of IISL.

Index Methodology

The Index is computed using a float-adjusted, market capitalisation weighted methodology, wherein the level of the Index reflects the total market value of all the stocks in the Index relative to a particular base period. The methodology also takes into account constituent changes in the index and corporate actions such as stock splits, rights issuance, etc., without affecting the index value.

Selection of the index set is based on the following criteria:

(1) *Liquidity*

For inclusion in the Index, the security should have traded at an average "impact cost" (as defined below) of 0.50% or less during the last six months, for 90% of the observations. "Impact cost" is the cost of executing a transaction in a security in proportion to its index weight, measured by market capitalisation at any point in time. This is the percentage mark-up suffered while buying/selling the desired quantity of a security compared to its ideal price – (best buy + best sell)/2.

(2) *Float-Adjusted Market Capitalisation*

Companies eligible for inclusion in the Index must have at least twice the float-adjusted market capitalisation of the current smallest index constituent.

(3) *Domicile*

The company must be domiciled in India and trade on the NSE.

(4) *Eligible Securities*

All common shares listed on the NSE (which are of equity and not of a fixed income nature) are eligible for inclusion in the Index. Convertible stock, bonds, warrants, rights, and preferred stock that provide a guaranteed fixed return are not eligible.

(5) *Other Variables*

A company which comes out with an IPO is eligible for inclusion in the Index if it fulfills the normal eligibility criteria – impact cost, float-adjusted market capitalisation and float – for a three-month period instead of a six-month period.

Differential Voting Rights:

Equity securities with Differential Voting Rights ("DVR") are eligible for inclusion in the Index subject to fulfilment of the following criteria:

- Market capitalisation criteria is measured at a company level by aggregating the market capitalisation of individual class of security meeting the liquidity criteria for the Index.
- Free float of DVR equity class share should be at least 10% of free-float market capitalisation of the company (voting equity class share and DVR equity class share) and 100% free-float market capitalisation of last security in the Index.
- It should meet liquidity criteria applicable for the Index.
- Upon inclusion of DVRs in the index, the Index may not have fixed number of securities.
- It is possible that the DVR is eligible for inclusion in the Index whereas the full voting rights security class is ineligible. In such scenario, the DVRs shall be included in the Index irrespective of whether full voting rights share class is part of the Index.

In order to become eligible for inclusion in the Index, a stock must be available for trading in NSE's futures and options segment.

The Index is reviewed semi-annually, and a four-week notice is given to the market before making any changes to the index constituents.

Index Calculation

*Market Capitalisation = Shares outstanding * Price*

*Free Float Market Capitalisation = Shares outstanding * Price * Investable Weight Factor*

*Index Value = Current Market Value / Base Market Capital * Base Index Value (1000)*

Base market capital of the Index is the aggregate market capitalisation of each script in the Index during the base period. The market capitalisation during the base period is equated to an Index value of 1000 known as the base Index value.

Top 10 Constituents

As at 22 February 2017, the 10 largest constituent stocks of the Index as listed below, represented 52.45% of the Index:

Rank	Constituent Name	Weighting (%)
1.	HDFC Bank Ltd.	8.57
2.	ITC Ltd.	6.80
3.	Housing Development Finance Corporation Ltd.	6.72
4.	Reliance Industries Ltd.	6.08
5.	Infosys Ltd.	6.02
6.	ICICI Bank Ltd.	5.07
7.	Tata Consultancy Services Ltd.	3.90
8.	Larsen & Toubro Ltd.	3.69
9.	Kotak Mahindra Bank Ltd.	2.89
10.	Axis Bank Ltd.	2.71

You can obtain the most updated list of the constituents of the Index and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at http://www.nseindia.com/ (the contents of which has not been reviewed by the SFC).

Index Code and Information about the Index

Bloomberg: NIFTY
Reuters:.NSEI

You can obtain additional information concerning the Index (including Index fact sheets, methodology, end of day Index levels and Index performance) from the website of the Index Provider at (http://www.nseindia.com/) (the contents of which has not been reviewed by the SFC). The Index (which is maintained by the Index Provider) is available in real time globally via information vendors Bloomberg and Reuters. The end of day Index is available on the website of the Index Provider.

Comparison between the Index and the inverse performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance)

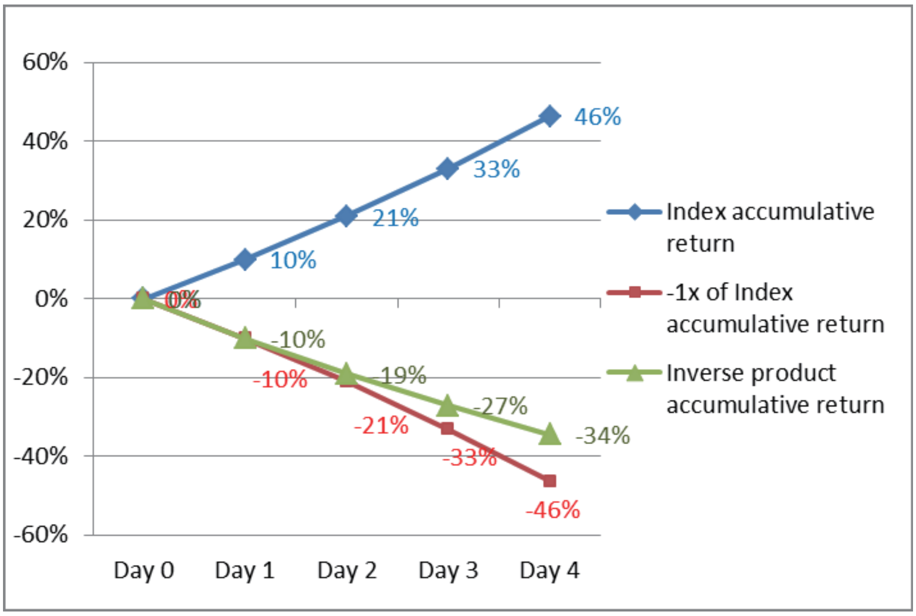
The Product's objective is to provide returns which are of a predetermined inverse factor (-1x) of the Daily performance of the Index. As such, the Product's performance may not track -1x the accumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by -100% generally will not equal -100% of the Product's performance over that same period. It is also expected that the Product will underperform the return of -100% of the Index in a trendless or flat market. This is caused by compounding, which is the accumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (-1x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical $100 investment in the Product.

Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated loss will be less than -1x the accumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 34%, compared with a 46% loss which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	-10%	90.00	-10%	-10%	0%
Day 2	10%	121.00	21%	-10%	81.00	-19%	-21%	2%
Day 3	10%	133.10	33%	-10%	72.90	-27%	-33%	6%
Day 4	10%	146.41	46%	-10%	65.61	-34%	-46%	12%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.

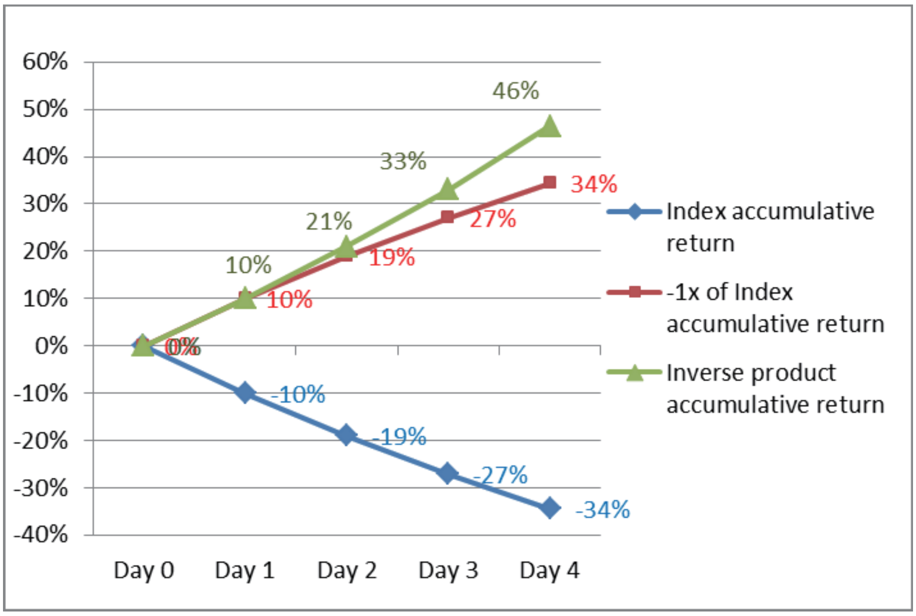

60%
40%
20%
0%
-20%
-40%
-60%
46%
33%
21%
10%
0%
-10%
-10%
-19%
-21%
-27%
-33%
-34%
-46%
Day 0
Day 1
Day 2
Day 3
Day 4
Index accumulative return
-1x of Index accumulative return
Inverse product accumulative return

Scenario 2: Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated gains will be greater than -1x the accumulative Index return. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 46%, compared with a 34% gain which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	10%	110.00	10%	10%	0%
Day 2	-10%	81.00	-19%	10%	121.00	21%	19%	2%
Day 3	-10%	72.90	-27%	10%	133.10	33%	27%	6%
Day 4	-10%	65.61	-34%	10%	146.41	46%	34%	12%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

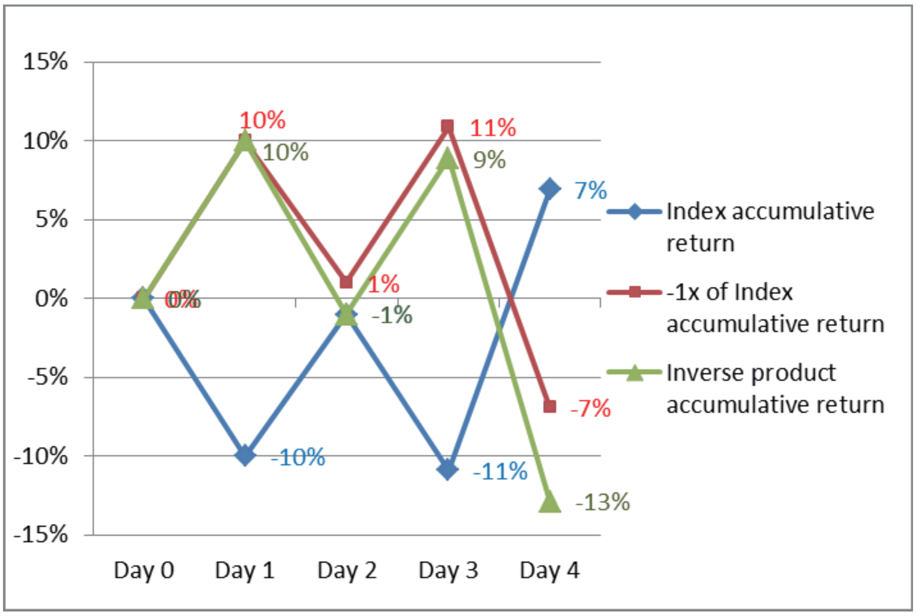


Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 13%, compared with a 7% loss which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		**100.00**			**100.00**			
Day 1	-10%	90.00	-10%	10%	110.00	10%	10%	0%
Day 2	10%	99.00	-1%	-10%	99.00	-1%	1%	-2%
Day 3	-10%	89.10	-11%	10%	108.90	9%	11%	-2%
Day 4	20%	106.92	7%	-20%	87.12	-13%	-7%	-6%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.

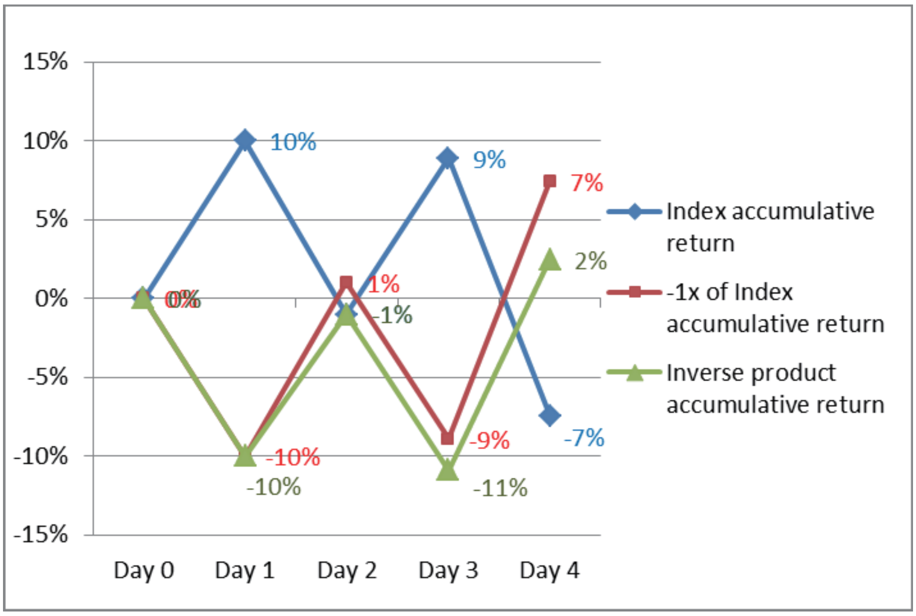


Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 2%, compared with a 7% gain which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	-10%	90.00	-10%	-10%	0%
Day 2	-10%	99.00	-1%	10%	99.00	-1%	1%	-2%
Day 3	10%	108.90	9%	-10%	89.10	-11%	-9%	-2%
Day 4	-15%	92.57	-7%	15%	102.47	2%	7%	-5%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.

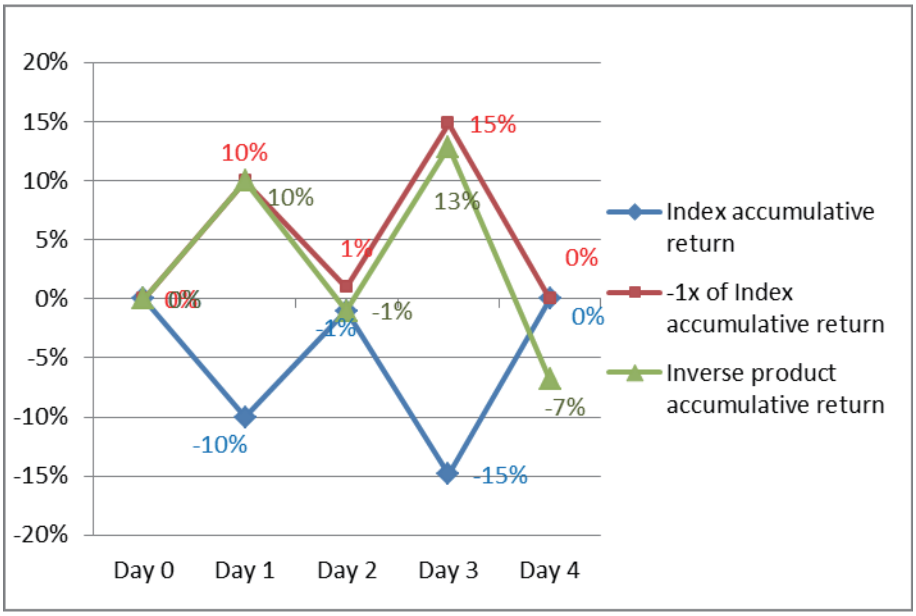


Scenario 5: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	10%	110.00	10%	10%	0%
Day 2	10%	99.00	-1%	-10%	99.00	-1%	1%	-2%
Day 3	-14%	85.14	-15%	14%	112.86	13%	15%	-2%
Day 4	17%	100.00	0%	-17%	93.17	-7%	0%	-7%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables, the accumulative performance of the Product is not "symmetrical" to the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the inverse performance of the Index (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may be completely uncorrelated to the extent of change of the Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at http://www.csopasset.com/I_NIFTY50, which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product tracks the inverse performance of the Index, if observed on a Daily basis. However, due to path dependency of the Index and the Daily inverse performance of the Index, when comparing the Index and the inverse performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical inverse performance of the Index will not be equal to the simple inverse performance of the Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Index and the inverse performance of the Index. *Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.*

	Index		**Product (Inverse of the Index)**	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	-10.00%	90.00
Day 3	-9.09%	100.00	+9.09%	98.18

Assuming the Product tracks the inverse performance of the Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of both the Index the Product will be the same. That is, the Net Asset Value of the Product will fall by 10.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will rise by 9.09% if the Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Index and the closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple inverse performance of the Index.

Index Licence Agreement

The licence of the Index commenced on 10 February 2016 and should continue until terminated by either the Manager or the Index Provider by giving the other party sixty days prior written notice, or otherwise terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The Product is not sponsored, endorsed, sold or promoted by IISL. IISL does not make any representation or warranty, express or implied, to the owners of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product particularly or the ability of Nifty 50 Index to track general stock market performance in India. IISL does not have any obligation to take the needs of the Manager or the owners of the Product into consideration in determining, composing or calculating the Nifty 50 Index. IISL is not responsible for or has not participated in the determination of the timing of, prices at, or quantities of the Product to be issued or in the determination or calculation of the equation by which the Product is to be converted into cash. IISL has no obligation or liability in connection with the administration, marketing or trading of the Product.

IISL does not guarantee the accuracy and/or the completeness of the Nifty 50 Index or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. IISL makes no warranty, express or implied, as to results to be obtained by the Manager, owners of the Product, or any other person or entity from the use of the Nifty 50 Index or any data included therein. IISL makes no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index or any data included therein. Without limiting any of the foregoing, IISL expressly disclaim any and all liability for any damages or losses arising out of or related to the Product including any and all direct, special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

The Offering Phases

After Listing

"After Listing" commences on the Listing Date and continues until the Trust is terminated.

Dealings in the Units on the SEHK commenced on the Listing Date (20 July 2016).

All investors may buy and sell Units in the secondary market on the SEHK through any designated brokers. Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market in Application Unit size, from 8:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) on each Dealing Day.

Exchange Listing and Trading (Secondary Market)

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

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 one or more other stock exchanges. Investors' attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Dealings on the SEHK in Units traded in HKD began on 20 July 2016.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

Distribution Policy

The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the Product.

The Manager may, at its discretion, pay distributions out of capital. The Manager may also, at its discretion, pay distributions out of gross income while all or part of the fees and expenses of the Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of capital. Investors should note that payments of distributions 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 out of or effectively out of the Product's capital may result in an immediate reduction in the Net Asset Value per Unit and will reduce any capital appreciation for the Unitholders.

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/I_NIFTY50.

The distribution policy may be amended subject to the SFC's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the base currency of the Product (i.e. USD). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in USD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/I_NIFTY50 and on HKEx's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx.

There can be no assurance that distributions will be paid.

Each Unitholder will receive distributions in USD. In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning 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.

Fees and Expenses

Management Fee

The Product pays a Management Fee as a single flat fee, currently at 0.99% per year of the Net Asset Value of the Product. Please refer to the section "Fees and Expenses" as to the fees and charges included in the Management Fee. The Management Fee is calculated as at each Dealing Day and payable monthly in USD in arrears out of the Trust Fund.

The Management Fee may be increased up to 3% per year of the Net Asset Value of the Product, on one month's notice to Unitholders (or such shorter period as approved by the SFC). In the event that such fee is to be increased beyond this rate (which is the maximum rate set out in the Trust Deed), such increase will be subject to the Unitholders' and the SFC's approval.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its institutional rates.

Such institutional market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately USD2 to USD6 per Future Contract levied by the broker.

The above rates will amount to approximately 0.02%-0.04% per annum of the Net Asset Value and may increase to approximately 0.15% or more per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Risk Factors Specific to the Product

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable specifically to the Product.

New Product Risk

The Product is a futures-based listed inverse product which aims to provide investment results that, before fees and expenses, closely correspond to the inverse performance of the Index on a Daily basis. The Product is one of the first futures-based listed inverse product in Hong Kong. The novelty and untested nature of such a listed inverse product and the fact that the Product is one of the first of its kind makes the Product riskier than traditional exchange traded funds which track the "long" performance (investing in equity Securities) rather than inverse performance of an index. There can be no assurance that the Product will achieve its investment objective.

Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Index over that same period (e.g. the loss may be more than -1 time the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the inverse performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance falls or is flat.

Inverse Product vs. Short Selling Risk

Investing in the Product is different from taking a short position. Because of rebalancing the return profile of the Product is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Product may deviate from a short position.

Unconventional Return Pattern Risk

Risk investment outcome of the Product is the opposite of conventional investment funds. If the value of the Index increases for extended periods, the Product will likely to lose most or all of its value.

Risk of Rebalancing Activities

There is no assurance that the Product can rebalance their portfolio on a Daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity Risk

The rebalancing activities of the Product typically take place near the end of trading of the SGX, shortly before the close of the SGX, to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Intraday Investment Risk

The Product is normally rebalanced at the end of trading on the SGX on a Business Day. As such, return for investors that invest for period less than a full Trading Day will generally be greater than or less than the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one Trading Day until the time of purchase.

Portfolio Turnover Risk

Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

Investments in Futures Contracts exposes the Product to a liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Backwardation Risk

The process of rolling will subject the Product to backwardation risks. For example, a Futures Contract may specify a March expiration. As time passes, the Futures Contract expiring in March is replaced by a contract for expiry in April by buying the March contract and entering into a short position of the April contract. Excluding other considerations, if the market for these contracts is in "backwardation", where the prices are lower in the distant expiry months than in the nearer expiry months, the closing of the March short position would take place at a price that is higher than the price of the April contract. Accordingly the closing out of the March short position when rolling (buying and then selling the Futures Contracts) would take place at a price that is higher than the price of the April contract, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin Risk

Generally investment in Futures Contracts involves the posting of margin or collateral. Because of the low margin deposits or collateral normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. A futures transaction by the Product may result in losses in excess of the amount invested by the Product. Additional funds may need to be posted as margin or collateral to meet such calls based upon daily marking to market of Futures Contracts. Increases in the amount of margin or collateral or similar payments may result in the need for the Product to liquidate its investments at unfavourable prices in order to meet margin or collateral calls. This may result in substantial losses to Unitholders.

Futures Contracts Market Risks

Futures Contracts markets may be uncorrelated to traditional markets (such as equities markets) and are subject to greater risks than other markets. It is a feature of Futures Contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of Futures Contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments. In some cases, far-reaching political changes may result in constitutional and social tensions, instability and reaction against market reforms.

Clearing House's Failure Risk

In the event of the bankruptcy of the exchange's clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable Singapore law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange's clearing house if the exchange's clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

Holding of Futures Contracts Restriction Risk

The holding by a person for his own account, or for another person but which he controls, of particular type of Futures Contracts or stock options contracts may be limited by regulation. A person (e.g. the Manager) shall not own or control, through each SGX clearing member, any combination of SGX Nifty Index Futures and options on the Index traded on the SGX that exceeds more than 25,000 futures-equivalent contracts net on the same side of the market and in all the contract months combined, unless otherwise separately approved by the SGX. Because Unitholders do not themselves hold Futures Contracts or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the relevant regulation. Whilst the Manager does not anticipate that this will have any immediate effect on a Product, if the Net Asset Value of a Product grows significantly the restrictions under the relevant regulation may prevent creations of Units due to the inability under the relevant regulation of the Product to acquire further Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The inability to acquire further SGX Nifty Index Futures may also impair the Manager's ability to perform the Daily rebalancing which could result in the Product being unable to achieve its investment objective.

Regulatory change risk

The regulation of Futures Contracts, and futures transactions in general, is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any such regulatory changes on the Product is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the Product and what can be done, if anything, to try and limit such impact.

Price Limit Risk

The Product's investment objective is to provide investment results that closely correspond to the inverse (-1x) Daily performance of the Index. Although the Index is an equity index, the Product will invest in SGX Nifty Index Futures. If the price of the SGX Nifty Index Futures included in the Product's portfolio hits certain price limits, trading of the SGX Nifty Index Futures will be suspended for a short period of time. This may limit Daily rebalancing if it takes place close to the end of trading on the SGX, and may potentially increase tracking error.

Index Constituents Trading Halt Risk

Trading of the constituents of the Index on the NSE is subject to a circuit breaker system whereby there will be market halt (from 15 minutes to remainder of the day, depending on the trigger limit and time) if the Index or the S&P BSE Sensex Index moves by ± 10% or ± 15% or ± 20%, as described above. The price limits for SGX Nifty Index Futures are ± 10% or ±15% or ± 20% (with 5 minutes cooling-off periods for each price limit). As a result, the price of the SGX Nifty Index Futures may go beyond ± 20% on a SGX trading day, while there may be trading suspension in the event that the level of the Index reaches the ± 20% limit on a trading day on the NSE due to the circuit breaker system. As such, there may continue to be price movements beyond ± 20% for the SGX Nifty Index Futures when constituents of the Index are subject to a market halt for the remainder of the day, which may result in tracking difference.

Trading Hours Difference Risk

The SGX and the NSE have different trading hours. Also, in events of excessive volatility, trading may be suspended during different times for the SGX Nifty Index Futures (a cooling off period may be imposed) and for the Indian onshore market, hence the constituents of the Index, due to different rules on the SGX and the NSE as described above. The duration of trading suspension for the SGX Nifty Index Futures is generally shorter than that of a market halt on the India onshore market. As a result, the trading and the price of the SGX Nifty Index Futures may be driven solely by market forces when the underlying constituents in the Index are not trading: (i) where the NSE is closed when the SGX is open for trading, (ii) on days when both the NSE and the SGX are open for normal trading, due to their different trading hours or (iii) where there is a market halt on the NSE. As such, the SGX Nifty Index Futures may deliver a different return than the inverse Index return, which may affect the Product's delivery of its investment objective.

Inverse Performance of Index

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than inverse performance of an index. Should the value of the underlying Securities of the Index increase, it could have a negative effect on the performance of the Product. As such, Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily inverse results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking an inverse position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily inverse performance of the Index over a certain period may not be "symmetrical" to the point-to-point performance of the Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Index. As such, the performance of the Product is not inversely correlated to the performance of the Index over a certain period of time. Please refer to the section "Explanation on Path Dependency" above.

Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, may deviate from the inverse performance of the Index.

Risks Relating to India

Economic, Political and Taxation Considerations Risk

The Product may be affected generally by exchange rates and controls, interest rates, changes in Indian governmental policy, liquidity, regulatory, taxation, social and religious instability and other political, economic or other developments in or affecting India.

Fraudulent Practices Risk

The Securities and Exchange Board of India ("SEBI") was set up by the Government in April 1992, and performs the function of "promoting the development of and regulation of the Indian securities market, the protection of the interest of shareholders as well as matters connected therewith and incidental thereto". The Securities and Exchange Board of India Act of 1992 has entrusted the SEBI with much wider powers and duties, which inter alia, include prohibition of fraudulent and unfair trade practices relating to the stock markets including insider trading and regulation of substantial acquisitions of shares and takeovers of companies. The Indian stock exchanges have been subject to broker defaults, failed trades and settlement delays in the past and such events may have an adverse impact on the value of Units of the Product. In addition, in the event of occurrence of any of the above events, or in the event of SEBI having reasonable ground to believe that the transactions in securities are being dealt with in a manner detrimental to the investors or the securities market, SEBI can impose restrictions on trading in certain securities, limitations on price movements and margin requirements.

Currency risk

As the Product's base currency is USD and the SGX Nifty Index Futures are denominated in USD, the value of Units of the Product that are traded on the SEHK in HKD will be affected by changes in exchange rate between USD and HKD. Investors trading in the secondary market may be subject to additional costs or losses associated with foreign currency fluctuations when trading in Units of the Product.

Indirect currency risk

Although the Product and the SGX Nifty Index Futures are both denominated in USD, the constituents of the Index are traded in INR. Exchange rate fluctuations between USD and INR will be reflected in the value of the SGX Nifty Index Futures. As such, the Product may be highly sensitive to the foreign exchange movement of INR. If the INR:USD exchange rate moves in an unfavourable direction, investors in the Product may suffer loss.

Suspension of creation risk

There can be no assurance that there are sufficient SGX Nifty Index Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product 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 illiquidity of the SGX Nifty Index Futures, and delay or disruption in execution of trades or in settlement of trades.

Investment in Other Funds Risk

As part of the Product's investment strategy, the Manager may invest in other investment products such as SFC authorised money market funds. Although such funds will be regulated in Hong Kong, the Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. In particular, as an investor in such funds, the Product will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the Product to the Manager.

Distributions Risk

Distributions will be in USD. If a Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD or any other currency.

Distributions Out Of or Effectively Out Of Capital Risk

The Manager may, at its discretion make distributions out of capital. The Manager may also, at its discretion, make distributions out of gross income while all or part of the fees and expenses of a Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of the capital. Payment of distributions 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 distributions out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset Value per Unit. The Manager may amend its distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Appendix dated 10 March 2017

APPENDIX 3: CSOP HANG SENG INDEX DAILY (2X) LEVERAGED PRODUCT

Key Information

Set out below is a summary of key information in respect of the CSOP Hang Seng Index Daily (2x) Leveraged Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index
Index	Hang Seng Index (the "Index")
Initial Offer Period	9:00 a.m. (Hong Kong time) of 10 March 2017 to 4:00 p.m. (Hong Kong time) of 10 March 2017, or such other date as the Manager may determine
Initial Issue Date	13 March 2017, or such other date as the Manager may determine
Issue Price during the Initial Offer Period	HKD7.2
Listing Date (SEHK)	Expected to be 14 March 2017, but may be postponed by the Manager to a date no later than 13 April 2017
Exchange Listing	SEHK – Main Board
Stock Code	07200
Short Stock Name	FL2 CSOP HSI
Trading Board Lot Size	100 Units
Base Currency	HKD
Trading Currency	HKD
Distribution Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs. Further, the Manager may, at its discretion, pay distributions out of capital or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of distributions and therefore, distributions may be paid effectively out of capital.

	All Units will receive distributions in the base currency (HKD) only.
Creation/Redemption Policy	Cash (HKD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 800,000 Units (or multiples thereof)
Dealing Deadline	3:30 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Ongoing Charges over a year# (Annual Average Daily Ongoing Charges*):	Estimated to be 1.28% (0.005%)
Management Fee	Currently 0.99% per year of the Net Asset Value
Financial Year End	31 December
Website	http://www.csopasset.com/L_HSI

What is the Investment Objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to <u>twice (2x)</u> the <u>Daily</u> performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

What is the Investment Strategy?

To achieve the investment objective of the Product, the Manager will adopt a futures-based replication strategy through investing directly in the spot month futures contracts on the Index ("HSI Futures") subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

The investment strategy of the Product is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

In entering the spot month HSI Futures, the Manager anticipates that no more than 25% of the Net Asset Value of the Product from time to time will be used as margin to acquire the HSI Futures. Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially.

This is indicative only because the Product is newly established. It represents estimated ongoing expenses chargeable to the Product as a percentage of the estimated average Net Asset Value of the Product. The actual figure may be different from the estimated figure and may vary from year to year. This figure does not represent the estimated tracking error.

* *This is indicative only because the Product is newly established. It is equal to the estimated ongoing charges figure over the first year of listing divided by the anticipated number of dealing days during that year. The actual figure may be different from the estimated figure and may vary from year to year.*

Not less than 75% of the Net Asset Value (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and HKD denominated investment-grade bonds and SFC authorised money market funds in accordance with the requirements of the Code. Yield in HKD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to the Unitholders in HKD.

Other than HSI Futures, the Manager has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

The Product's global exposure to financial derivative instruments will not exceed 200% of its Net Asset Value (i) at the time of Daily rebalancing of the Product; and (ii) between each Daily rebalancing, unless due to market movements. For the calculation of global exposure, the commitment approach will be used, whereby the derivative positions are converted into the equivalent positions in the underlying assets embedded in those derivatives, i.e. the constituents of the Index, taking into account the prevailing value of the underlying assets, the counterparty risk, future market movements and time available to liquidate the positions.

Daily rebalancing of the Product

The Product will rebalance its position on a day when the HKFE and the SEHK are open for trading (i.e. a Business Day). On such days the Product will seek to rebalance its portfolio at or around the close of trading of the underlying futures market, by increasing exposure in response to the Index's Daily gains or reducing exposure in response to the Index's Daily losses, so that its Daily leveraged exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as a leveraged product will rebalance its position following the movement of the Index by the end of trading of the underlying futures market. Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of 200 to meet the objective of the Product. If the Index increases by 10% during the day, the Net Asset Value of the Product would have increased to 120, making the futures exposure of the Product 220. As the Product needs a futures exposure of 240, which is 2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional 20. Day 1 illustrates the rebalancing requirements if the Index falls by 5% on the subsequent day.

		Calculation	Day 0	Day 1	Day 2
(a)	Initial Product NAV		100	120	108
(b)	Initial futures exposure	(b) = (a) × 2	200	240	216
(c)	Daily Index change (%)		10%	-5%	5%
(d)	Profit / loss on futures	(d) = (b) × (c)	20	-12	10.8
(e)	Closing Product NAV	(e) = (a) + (d)	120	108	118.8
(f)	Futures exposure	(f) = (b) × (1+(c))	220	228	226.8
(g)	Target futures exposure to maintain leverage ratio	(g) = (e) × 2	240	216	237.6
(h)	**Required rebalancing amounts**	**(h) = (g) – (f)**	**20**	**-12**	**10.8**

The above figures are calculated before fees and expenses.

Futures roll

As the Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will use its discretion to carry out the roll-over of the spot month HSI Futures into next month HSI Futures with the goal that, by one Business Day before the last trading day of the spot month HSI Futures, all roll-over activities would have occurred.

What are HSI Futures?

HSI Futures are Futures Contracts on the Hang Seng Index traded on the HKFE.

The HSI Futures are leveraged because they are traded on a margin basis. The margin to carry an open position is generally a small percentage (6%-12%) of their value. The HSI Futures are registered, cleared and guaranteed by the HKFE Clearing Corporation Limited ("HKCC"), a subsidiary of HKEx. HKCC acts as the counterparty to all open contracts, which effectively eliminates counterparty risks between HKCC participants.

The key specifications of the HSI Futures are as follows:

Underlying index	Hang Seng Index
Exchange	HKFE
Trading hours	9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:30 p.m. (afternoon trading session) 5:15 p.m. – 11:45 p.m. (after-hours trading session) *Note: the period during which the HKFE is open for normal trading may be reduced as a result of a Number 8 Typhoon Signal or Black Rainstorm warning.* There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. – 12:30 p.m.

	There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States. Expiring contract month closes at 4:00 pm on the last trading day. There shall be no afternoon or after-hours trading session if the last trading day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve.
Contract months	Spot Month, the next calendar month, and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)
Tick size	1 point, representing a value of HKD50
Contract value (as at 22 February 2017)	HKD1,206,400 (Contract month of February 2017)
Margin (as at 22 February 2017)	● Initial margin: HKD71,650 ● Maintenance margin: HKD57,350
Last trading day	The business day immediately preceding the last business day of the contract month
Contract size	HKD50 x Hang Seng Index
Settlement method	Cash settled contract of difference
Final settlement price	The average of quotations taken at (i) five minute intervals from five minutes after the start of, and up to five minutes before the end of, the continuous trading session of SEHK; and (ii) the close of trading on SEHK on the last trading day.
Position limit	10,000 position delta for long or short (calculated on a net basis) combined in all contract months. The position limit applies to a person such as the Manager, i.e. the Manager cannot hold or control HSI Futures over this limit.

Large Open Positions

The Securities and Futures (Contracts Limits and Reportable Position) Rules requires a person holding or controlling a reportable position (or a "large open position") of HSI Futures to notify the HKFE of that reportable position in writing. The large open position is as follows:

- 500 open contracts, in any one contract month, per exchange participant for the exchange participant's own behalf; and
- 500 open contracts, in any one contract month, per client

Volatility Control Mechanism (VCM)

A price limit VCM model is implemented for the HSI Futures market, under which a cooling-off period will be triggered by abrupt price volatility detected at the instrument level:

- The VCM is triggered and a 5-minute cooling-off period will start if the price of a HSI Futures Contract deviates by more than 5% from the last traded price 5 minutes ago (the "VCM Reference Price").
- During the 5-minute cooling-off period, trading for the HSI Futures Contracts will continue within a fixed price band (±5% from the VCM Reference Price).
- Normal trading without restriction will resume after the cooling-off period.

For more information, please refer to "Hang Seng Index Futures & Options" under "Products & Services > Derivatives Products" on the HKEx website (the contents of which has not been reviewed by the SFC).

Futures liquidity

As of 22 February 2017, the daily average volume and open interest of the spot month (February 2017) HSI Futures for the year of 2017 are 75,809 and 110,037 respectively. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as a leveraged product tracking the Index.

Waiver of Investment Restriction

The Manager expects that for HSI Futures, the applicable margin requirement will be higher than 7% (with a historical high level of close to 30%), the Manager has applied to the SFC, and the SFC has granted, a waiver in respect of the Product from the requirement under Chapter 8.4A(e) of the Code that the Product may not hold open positions in any Futures Contracts month for which the combined margin requirement represents 5% or more of the Net Asset Value of the Product. The purpose of the waiver is to enable the Manager in respect of the Product to pursue a futures-based, leveraged replication strategy with regards to holdings of HSI Futures which it otherwise would not be able to do. This enables the Manager to reduce the Product's tracking error.

In granting this waiver, the SFC has imposed the conditions on the Product that:

(a) the global exposure of the Product to financial derivative instruments will not exceed 200% of its Net Asset Value, (i) at the time of Daily rebalancing of the Product and (ii) between each Daily rebalancing, unless due to market movements;

(b) in calculating the Product's global exposure to financial derivative instruments under (a) above, the commitment approach shall be used, whereby the derivative positions of the Product are converted into the equivalent positions in the underlying assets embedded in those derivatives, taking into account the prevailing value of the underlying assets, i.e. the constituents of the Index, the counterparty risk, future market movements and the time available to liquidate the positions; and

(c) the assets of the Product will not be used as margin for any financial derivative instruments other than as margin for HSI Futures, or such other financial derivative instruments as may be agreed by the SFC, in accordance with the prevailing margin requirements set by the exchange and/or the executing agents.

Borrowing policy and restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As at the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General Information on the Index

The Hang Seng Index, commonly referred to as HSI (the "Index") measures the performance of the largest and most liquid companies listed in Hong Kong. It comprises a representative sample of stocks quoted on the SEHK.

The Index adopts a freefloat-adjusted market capitalisation weighted methodology, with a 10% cap on individual constituent weightings. The Index has four sub-indices, being finance, commerce and industry, properties and utilities, and each constituent belongs to one of these sub-indices based on the industry classification of the Hang Seng Industry Classification System. The Index is a price return index without adjustments for cash dividends or warrant bonuses.

As at 22 February 2017, it comprised 50 constituent stocks with total market capitalisation of approximately HKD15,249 billion.

The Index was launched on 24 November 1969 and had a base level of 100 on 31 July 1964.

The Index is denominated in HKD.

Index Provider

The Index is compiled and managed by Hang Seng Indexes Company Limited ("HSIL"), a wholly-owned subsidiary of Hang Seng Bank Limited.

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

The Index is calculated on a 2-second basis during trading hours of the SEHK and its closing value is based on the official closing prices of stocks announced by the SEHK.

Index Methodology

Constituent stocks of the Index are selected by a rigorous process of detailed analysis, supported by extensive external consultation. Only securities with a primary listing on the Main Board of the SEHK are eligible potential constituents. H-Shares of mainland China enterprises listed on the SEHK will not be selected unless the company has no unlisted share capital.

The compilation of the Index is based on a free float-adjusted market capitalisation weighted formula with a 10% cap on individual stock weightings. Details are as follows:

(a) Freefloat adjustment: A Freefloat-Adjusted Factor ("FAF") is assigned to each constituent in index calculation.

(b) Cap: A 10% cap on individual stock weightings is applied.

(c) Re-capping frequency: A re-capping exercise will normally be conducted at quarterly intervals to coincide with the regular update of the FAF.

Constituent Eligibility

The universe of stocks (the "Universe") for the Index includes stocks and real estate investment trusts ("REITs") primarily listed on the Main Board of the SEHK, excluding stocks that are secondary listings, foreign companies, preference shares, debt securities, mutual funds and other derivatives. If a company has two classes of listed shares, each class of shares will be considered separately.

A security is eligible for constituent selection if it fulfils the following eligibility criteria:

(a) Market capitalisation requirement

The security must be among those that constitute the top 90th percentile of the total market value (i.e. market capitalisation) of the Universe (market value refers to the average of month-end market values for the past 12 months of any review period);

(b) Turnover requirement

Each eligible security will also need to meet the turnover requirement where its turnover in the past 24 months is assessed for eight quarterly sub-periods. The turnover requirement adopts a scoring approach and the details are as follows:

(i) for each quarterly sub-period, a security will be regarded as passing the turnover requirement in that period if it is among the top 90th percentile of the aggregate market turnover of the Universe; and

(ii) two points will be assigned to each "pass" achieved over the latest four sub-periods, and one point will be assigned for each "pass" attained over the previous four sub-periods.

The highest score for turnover requirement is 12 points. Securities should obtain at least 8 points to meet the turnover requirement.

(c) Listing history requirement

A security should normally be listed for at least 24 months before becoming eligible for inclusion. Securities with a very large market value but with a listing history of less than 24 months may be considered for inclusion if it satisfies more stringent market capitalisation requirements.

For a security with a listing history of less than or equal to 12 months, it will pass the turnover requirement if it is among the top 90th percentile of the aggregate market turnover of the Universe for each quarterly sub-period. For a security with a listing history of over 12 months, it will pass the turnover requirement should its score reach the minimum requirement, i.e. 8 points, above.

(d) Special requirement for H-share companies

The H-shares of mainland China enterprises listed on the SEHK will not be selected unless the company has no unlisted share capital.

Companies or REITs meeting all the eligibility requirements will be considered for inclusion in the Index. The final selection will be decided by the Advisory Committee taking into consideration the following principles:

(a) Market capitalisation and turnover rank of securities;

(b) Representation of the relevant sub-sector within the Index directly reflecting that of the market; and

(c) Financial performance.

Index Reviews

HSIL undertakes regular quarterly reviews of the index constituents with data cut-off dates of end of March, June, September and December each year. In each review, there may or may not be constituent additions or deletions.

Index Rebalancing

Regular rebalancing is usually implemented after market close on the first Friday in March, June, September and December, and comes into effect on the next trading day.

Ad hoc rebalancing will be conducted if a constituent's issued shares and/or FAF is substantially different from the production data. The Index will also be recapped in the event of constituent changes if the newly added component has a weighting that is higher than the index cap level. A minimum notice period of two trading days will be given to subscribers of data products issued by HSIL for any ad hoc rebalance.

Please refer to the Index Operation Guide (available on the website of HSIL) for further details about corporate actions adjustments and index rebalancing.

Top 10 Constituents

As at 22 February 2017, the 10 largest constituent stocks of the Index as listed below, represented 61.54% of the Index:

Rank	Constituent Name	Weighting (%)
1.	Tencent Holdings Ltd	10.47
2.	HSBC Holdings PLC	10.15
3.	China Construction Bank	8.83
4.	AIA Group Ltd	7.48
5.	China Mobile Ltd	6.80
6.	Industrial and Commercial Bank of China	4.84
7.	Bank of China Ltd	4.04
8.	CK Hutchison Holdings Ltd	3.19
9.	Hong Kong Exchanges & Clearing Ltd	2.94
10.	Ping An Insurance Group Co of China Ltd	2.81

You can obtain the most updated list of the constituents of the Index and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.hsi.com.hk (the contents of which have not been reviewed by the SFC).

Index Code

Bloomberg Code: HSI
Reuters Code:.HSI

Comparison between the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance)

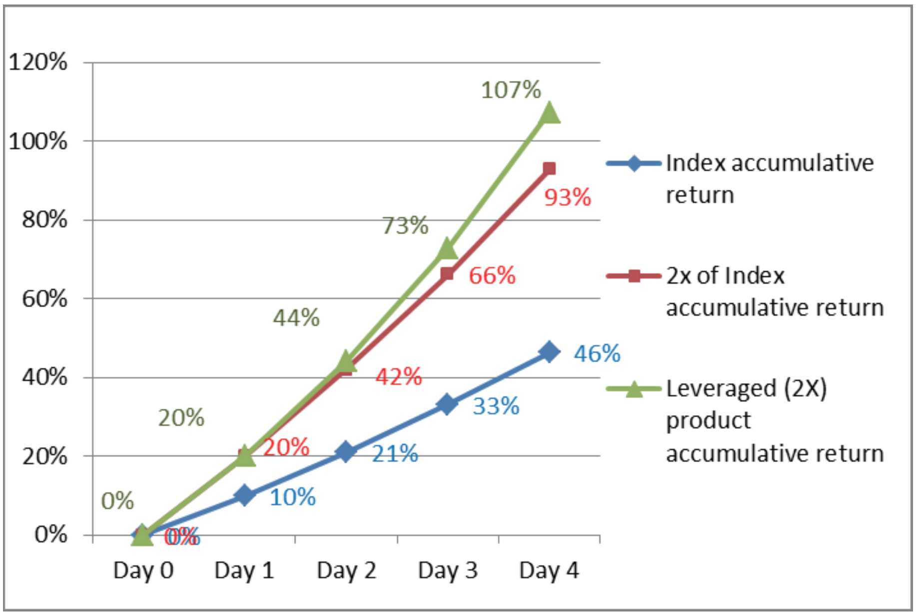
The Product's objective is to provide returns which are of a predetermined leverage factor (2x) of the Daily performance of the Index. As such, the Product's performance may not track twice the accumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by 200% generally will not equal 200% of the Product's performance over the same period. It is also expected that the Product will underperform the return of 200% of the Index in a trendless or flat market. This is caused by compounding, which is the accumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical $100 investment in the Product.

Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated return will be greater than twice the accumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 107%, compared with a 93% gain which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged (2X) product Daily return	Leveraged (2X) product NAV	Leveraged (2X) product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	10%	121.00	21%	20%	144.00	44%	42%	2%
Day 3	10%	133.10	33%	20%	172.80	73%	66%	7%
Day 4	10%	146.41	46%	20%	207.36	107%	93%	15%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.

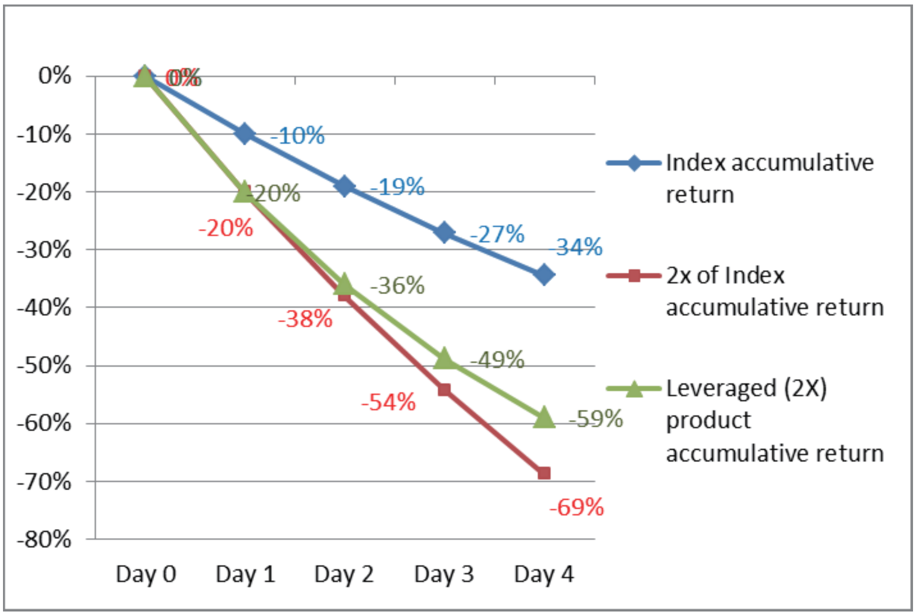


Scenario 2: Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated loss will be less than twice the accumulative Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 59%, compared with a 69% loss which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	-10%	81.00	-19%	-20%	64.00	-36%	-38%	2%
Day 3	-10%	72.90	-27%	-20%	51.20	-49%	-54%	5%
Day 4	-10%	65.61	-34%	-20%	40.96	-59%	-69%	10%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

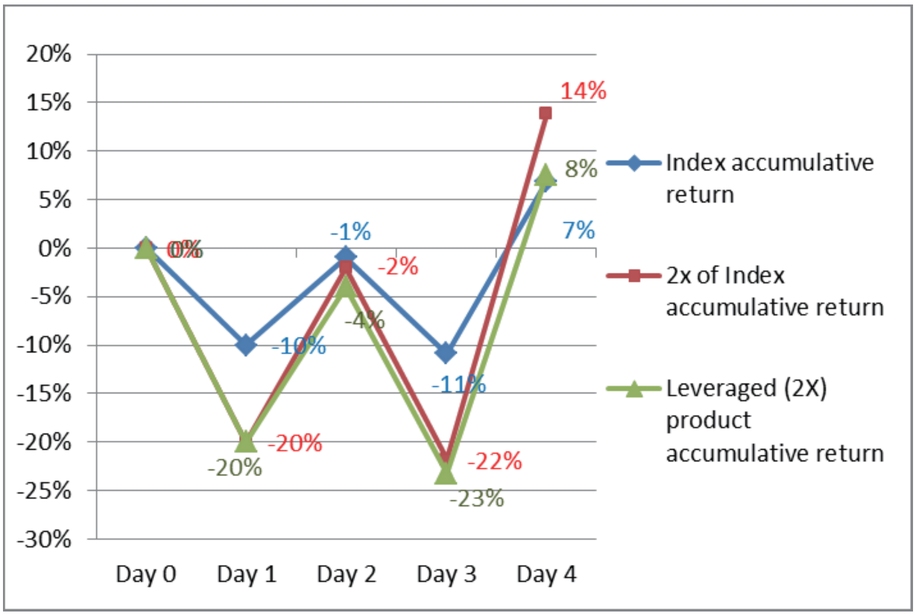


Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 8%, compared with a 14% gain which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-10%	89.10	-11%	-20%	76.80	-23%	-22%	-1%
Day 4	20%	106.92	7%	40%	107.52	8%	14%	-6%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.

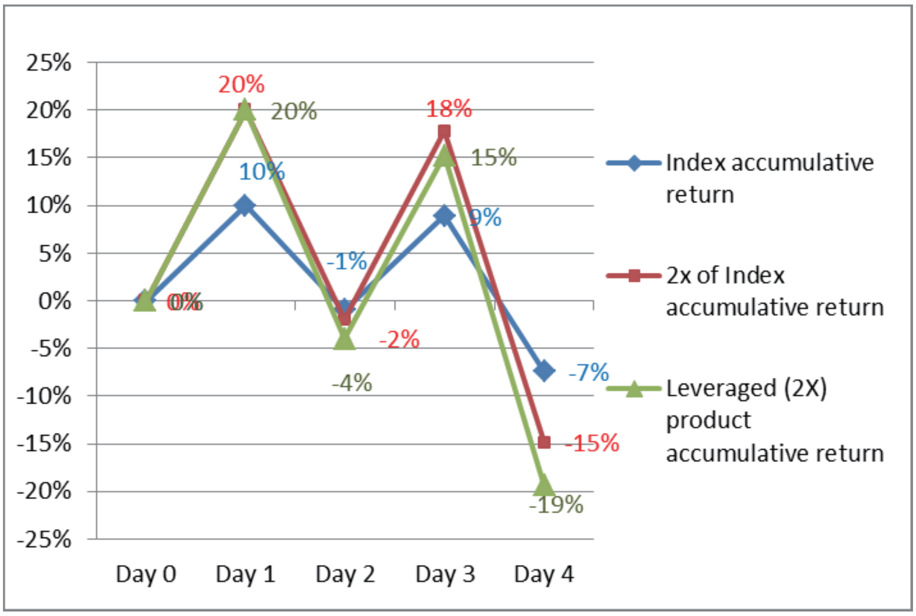


Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 19%, compared with a 15% loss which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	-10%	99.00	-1%	-20%	96.00	-4%	-2%	-2%
Day 3	10%	108.90	9%	20%	115.20	15%	18%	-3%
Day 4	-15%	92.57	-7%	-30%	80.64	-19%	-15%	-4%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.

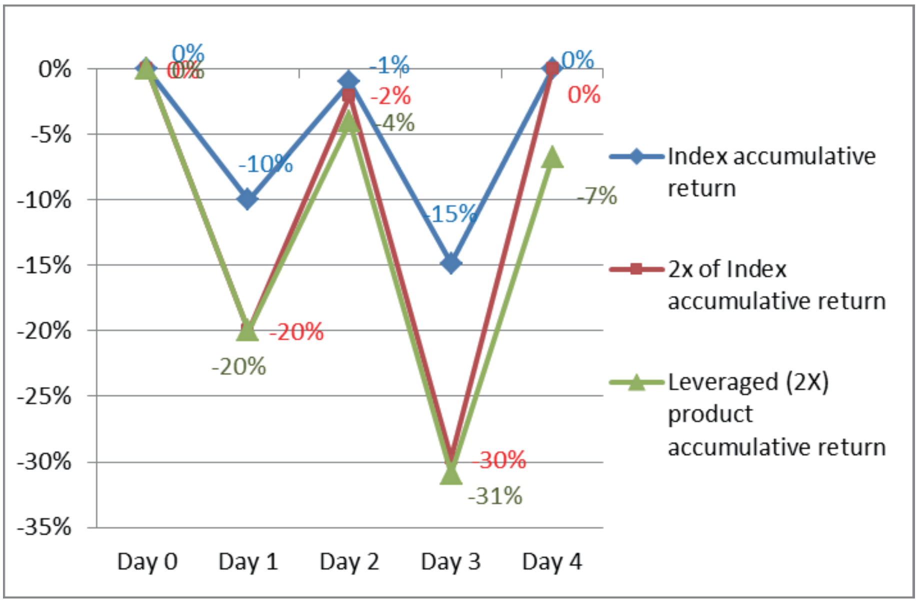


Scenario 5: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-14%	85.14	-15%	-28%	69.12	-31%	-30%	-1%
Day 4	17%	100.00	0%	35%	93.24	-7%	0%	-7%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables, the accumulative performance of the Product is not equal to twice the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the performance of the Index multiplied by two (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may not be twice the return of the Index and may be completely uncorrelated to the extent of change of the Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at http://www.csopasset.com/L_HSI, which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product tracks the leveraged performance of the Index, if observed on a Daily basis. However, due to path dependency of the Index and the Daily leveraged performance of the Index, when comparing the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical leveraged performance of the Index will not be equal to the simple leveraged performance of the Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Index and the leveraged performance of the Index. *Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.*

	Index		**Product (Index with a leverage factor of two)**	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	+20.00%	120.00
Day 3	-9.09%	100.00	-18.18%	98.18

Assuming the Product tracks twice the performance of the Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of the Product will be twice of the Index. That is, the Net Asset Value of the Product will rise by 20.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will fall by 18.18% if the Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Index and closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple performance of the Index multiplied by two.

Index Licence Agreement

The licence of the Index commenced on 3 February 2017 and should continue until terminated by either the Manager or the Index Provider by giving the other party three months' prior written notice, or otherwise terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The Hang Seng Index is published and compiled by HSIL pursuant to a licence from Hang Seng Data Services Limited ("HSDS"). The mark and name "Hang Seng Index" is proprietary to HSDS. HSIL and HSDS have agreed to the use of, and reference to, the Hang

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The Offering Phases

Initial Offer Period

The Initial Offer Period commences at 9:00 a.m. (Hong Kong time) on 10 March 2017 and ends at 4:00 p.m. (Hong Kong time) on 10 March 2017, or such other date as the Manager may determine.

The Listing Date is expected to be on 14 March 2017 but may be postponed by the Manager to a date no later than 13 April 2017.

The purpose of the Initial Offer Period is to enable Participating Dealers to subscribe for Units either on their own account or for their clients, in accordance with the Trust Deed and the Operating Guidelines. During this period, Participating Dealers (acting for themselves or for their clients) may apply for Units to be available for trading on the Listing Date by creation. No redemptions are permitted during the Initial Offer Period.

Upon receipt of a Creation Application from a Participating Dealer (acting for itself or its clients) during the Initial Offer Period, the Manager shall procure the creation of Units for settlement on the Initial Issue Date.

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus. Investors are therefore advised to consult with the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Units on their behalf.

After Listing

"After Listing" commences on the Listing Date and continues until the Trust is terminated.

Dealings in the Units on the SEHK will commence on the Listing Date, which is expected to be on 14 March 2017 but may be postponed by the Manager to a date no later than 13 April 2017.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market.

Please refer to the section on "The Offering Phases" for details. The following table summarises all key events and the Manager's expected timetable (all references to times are to Hong Kong time):

Initial Offer Period commences

● Participating Dealers may apply for creation for themselves or for their clients in Application Unit size	● 9:00 a.m. (Hong Kong time) on 10 March 2017 but may be postponed by the Manager to no later than 9:00 a.m. (Hong Kong time) 11 April 2017

The date that is two 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	● 4:00 p.m. (Hong Kong time) on 10 March 2017 but may be postponed by the Manager to no later than 4:00 p.m. (Hong Kong time) on 11 April 2017

After listing (period commences on the Listing Date)

• All investors may start trading Units on the SEHK through any designated brokers; and	• Commence at 9:30 a.m. (Hong Kong time) on 14 March 2017, but may be postponed by the Manager to a date no later than 13 April 2017
• Participating Dealers may apply for creation and redemption (for themselves or for their clients) in Application Unit size	• 8:00 a.m. (Hong Kong time) to 3:30 p.m. (Hong Kong time) on each Dealing Day

Exchange Listing and Trading (Secondary Market)

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

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 one or more other stock exchanges. Investors' attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Dealings on the SEHK in Units traded in HKD are expected to begin on 14 March 2017.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

Distribution Policy

The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the Product.

The Manager may, at its discretion, pay distributions out of capital. The Manager may also, at its discretion, pay distributions out of gross income while all or part of the fees and expenses of the Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of capital. Investors should note that payments of distributions 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 out of or effectively out of the Product's capital may result in an immediate reduction in the Net Asset Value per Unit and will reduce any capital appreciation for the Unitholders.

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/L_HSI.

The distribution policy may be amended subject to the SFC's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the base currency of the Product (i.e. HKD). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in HKD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/L_HSI and on HKEx's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx.

There can be no assurance that distributions will be paid.

Each Unitholder will receive distributions in HKD. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning 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.

Fees and Expenses

Management Fee

The Product pays a Management Fee as a single flat fee, currently at 0.99% per year of the Net Asset Value of the Product. Please refer to the section "Fees and Expenses" as to the fees and charges included in the Management Fee. The Management Fee is calculated as at each Dealing Day and payable monthly in HKD in arrears out of the Trust Fund.

The Management Fee may be increased up to 3% per year of the Net Asset Value of the Product, on one month's notice to Unitholders (or such shorter period as approved by the SFC). In the event that such fee is to be increased beyond this rate (which is the maximum rate set out in the Trust Deed), such increase will be subject to the Unitholders' and the SFC's approval.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its institutional rates.

Such institutional market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately HKD20 to HKD60 per Future Contract levied by the broker.

The above rates will amount to approximately 0.005%-0.01% per annum of the Net Asset Value and may increase to approximately 0.35% or more per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Risk Factors Specific to the Product

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable specifically to the Product.

Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss may be more than twice the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the leveraged performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance increases or is flat.

Leverage Risk

The Product will utilise leverage to achieve a Daily return equivalent to twice (2x) the return of the Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage.

Risk of Rebalancing Activities

There is no assurance that the Product can rebalance their portfolio on a Daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity Risk

The rebalancing activities of the Product typically take place near the end of trading of the underlying futures market to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Volatility risk

Prices of the Product may be more volatile than conventional ETFs because of the use of leverage and the daily rebalancing activities.

Intraday Investment Risk

The Product is normally rebalanced at the end of trading of the underlying futures market on a Business Day. As such, return for investors that invest for period less than a full Trading Day will generally be greater than or less than two times (2x) leveraged investment exposure to the Index, depending upon the movement of the Index from the end of one Trading Day until the time of purchase.

Portfolio Turnover Risk

Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

Investments in Futures Contracts exposes the Product to a liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Contango Risk

The process of rolling will subject the Product to contango risks. For example, a Futures Contract may specify a March expiration. As time passes, the Futures Contract expiring in March is replaced by a contract for expiry in April by selling the March contract and purchasing the April contract. Excluding other considerations, if the market for these Futures Contracts is in "contango", where the prices are higher in the distant expiry months than in the nearer expiry months, the sale of the March contract would take place at a price that is lower than the price of the April contract. Accordingly sale proceeds when rolling (selling and then buying the Futures Contracts) will not be sufficient to purchase the same number of Futures Contracts which have a higher price, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin Risk

Generally, most leveraged transactions, such as Futures Contracts, involve the posting of margin or collateral. Because of the low margin deposits or collateral normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. Like other leveraged investments, a futures transaction by the Product may result in losses in excess of the amount invested by the Product. Additional funds may need to be posted as margin or collateral to meet such calls based upon daily marking to market of Futures Contracts. Increases in the amount of margin or collateral or similar payments may result in the need for the Product to liquidate its investments at unfavourable prices in order to meet margin or collateral calls. This may result in substantial losses to Unitholders.

Futures Contracts Market Risks

Futures Contracts markets may be uncorrelated to traditional markets (such as equities markets) and are subject to greater risks than other markets. It is a feature of Futures Contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of Futures Contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments. In some cases, far-reaching political changes may result in constitutional and social tensions, instability and reaction against market reforms.

Clearing House's Failure Risk

In the event of the bankruptcy of the exchange's clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange's clearing house if the exchange's clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

Holding of HSI Futures Restriction in Number Risk

The current restriction in the Securities and Futures (Contracts Limits and Reportable Position) Rules (the "Rules") made under the SFO limits the holding by a person for his own account, or for another person but which he controls, of futures contracts or stock options contracts. As such, not only are the positions held or controlled by the Product subject to the prescribed position limit, the positions held or controlled by the Manager, including the positions held for the Manager's own account or for the funds under its management (such as the Product) but controlled by the Manager, may also not in aggregate exceed the relevant maximum. Accordingly, the Product's ability to acquire further HSI Futures may be affected by other futures/option contracts held or controlled by the Manager (including Mini-Hang Seng Index futures contracts and options contracts, Hang Seng Index options contracts and positions held or controlled for other funds/products). Because Unitholders will not themselves hold HSI Futures or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the Rules. Whilst the Manager does not anticipate that this will have any immediate effect on the Product, if the position held or controlled by the Manager reaches the relevant position limit or if the Net Asset Value of the Product grows significantly the restrictions under the Rules may prevent creations of Units due to the inability under the Rules of the Product to acquire further HSI Futures. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The investment exposure could also deviate from the target exposure which adds tracking error to the Product.

Regulatory Change Risk

The regulation of Futures Contracts, and futures transactions in general, is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any such regulatory changes on the Product is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the Product and what can be done, if anything, to try and limit such impact.

Index Constituents and Futures Contracts Price Limit Risk

The Product's investment objective is to provide investment results that closely correspond to twice (2x) the Daily performance of the Index. Although the Index is an equity index, the Product invests in HSI Futures. The HKEx has adopted a volatility control mechanism ("VCM") for securities including constituents of the Index. During the continuous trading session of the constituents of the Index, the VCM is triggered if the price of a security is deviated more than ±10% away from the last traded price 5 minutes ago, and a 5 minutes cooling-off period will start. During the cooling off period, trading is allowed within a fixed price band (±10% of the last trading price). There will be a maximum of one VCM trigger in each trading session (morning session and afternoon session are counted as two separate trading sessions).

VCM also applies to the HSI Futures. If there is an attempt to trade a HSI Future at a price more than 5% away from its last traded price 5 minutes ago, it will trigger a 5-minute cooling-off period where trading of the HSI Futures can still continue but within a band (±5% of the last trading price). Normal trading without restriction will resume after the cooling-off period.

As a result, the price movement of the Index may be greater than the HSI Futures' price movement. If the VCM cooling-off period is triggered at or around the close of trading of the underlying futures market on any Business Day, this may result in imperfect Daily rebalancing of the Product.

Trading Hours Difference Risk

The HKFE and the SEHK have different trading hours. As the HKFE may be open when Units in the Product are not priced, the value of the HSI Futures in the Product's portfolio may change on days when investors will not be able to purchase or sell the Product's Units. Difference in trading hours between the HKFE and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.

Trading of the Index constituents closes earlier than trading of the HSI Futures so there may continue to be price movements for the HSI Futures when Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and the HSI Futures, which may prevent the Product from achieving its investment objective.

Leveraged Performance of Index

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than leveraged performance of an index. Should the value of the underlying Securities of the Index decrease, the use of a leverage factor of 2 in the Product will trigger an accelerated decrease in the value of the Product's Net Asset Value compared to the Index (which has a leverage factor of 1, i.e. no leverage). As such, Unitholders could, in certain circumstances including a bear market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with leverage and Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily leveraged results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the leveraged performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking a leveraged position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily leveraged performance of the Index over a certain period may not be twice the point-to-point performance of the Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Index. Please refer to the section "Explanation on Path Dependency" above.

Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, may deviate from the leveraged performance of the Index.

Concentration Risk

To the extent that the index constituents concentrates in Hong Kong listed securities (including H-shares and red chip shares) of a particular sector or market, the investments of the Product may be similarly concentrated. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Product may be more susceptible to adverse conditions in such particular market/sector.

Suspension of Creation Risk

There can be no assurance that there are sufficient HSI Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product 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 illiquidity of the HSI Futures, and delay or disruption in execution of trades or in settlement of trades.

Investment in Other Funds Risk

As part of the Product's investment strategy, the Manager may invest in other investment products such as SFC authorised money market funds. Although such funds will be regulated in Hong Kong, the Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. In particular, as an investor in such funds, the Product will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the Product to the Manager.

Distributions Out Of or Effectively Out Of Capital Risk

The Manager may, at its discretion make distributions out of capital. The Manager may also, at its discretion, make distributions out of gross income while all or part of the fees and expenses of a Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of the capital. Payment of distributions 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 distributions out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset Value per Unit. The Manager may amend its distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Appendix dated 10 March 2017

APPENDIX 4: CSOP HANG SENG INDEX DAILY (-1X) INVERSE PRODUCT

Key Information

Set out below is a summary of key information in respect of the CSOP Hang Seng Index Daily (-1x) Inverse Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the Daily performance of the Index
Index	Hang Seng Index (the "Index")
Initial Offer Period	9:00 a.m. (Hong Kong time) of 10 March 2017 to 4:00 p.m. (Hong Kong time) of 10 March 2017, or such other date as the Manager may determine
Initial Issue Date	13 March 2017, or such other date as the Manager may determine
Issue Price during the Initial Offer Period	HKD7.2
Listing Date (SEHK)	Expected to be 14 March 2017, but may be postponed by the Manager to a date no later than 13 April 2017
Exchange Listing	SEHK – Main Board
Stock Code	07300
Short Stock Name	FI CSOP HSI
Trading Board Lot Size	100 Units
Base Currency	HKD
Trading Currency	HKD

Distribution Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs. Further, the Manager may, at its discretion, pay distributions out of capital or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of distributions and therefore, distributions may be paid effectively out of capital. All Units will receive distributions in the base currency (HKD) only.
Creation/Redemption Policy	Cash (HKD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 800,000 Units (or multiples thereof)
Dealing Deadline	3:30 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Ongoing Charges over a year# (Annual Average Daily Ongoing Charges*):	Estimated to be 1.28% (0.005%)
Management Fee	Currently 0.99% per year of the Net Asset Value
Financial Year End	31 December
Website	http://www.csopasset.com/I_HSI

What is the Investment Objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

This is indicative only because the Product is newly established. It represents estimated ongoing expenses chargeable to the Product as a percentage of the estimated average Net Asset Value of the Product. The actual figure may be different from the estimated figure and may vary from year to year. This figure does not represent the estimated tracking error.

* *This is indicative only because the Product is newly established. It is equal to the estimated ongoing charges figure over the first year of listing divided by the anticipated number of dealing days during that year. The actual figure may be different from the estimated figure and may vary from year to year.*

What is the Investment Strategy?

To achieve the investment objective of the Product, the Manager will adopt a futures-based replication strategy through investing directly in the spot month futures contracts on the Index ("HSI Futures") subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

The investment strategy of the Product is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

In entering the spot month HSI Futures, the Manager anticipates that no more than 12.5% of the Net Asset Value of the Product from time to time will be used as margin to acquire the HSI Futures. Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially.

Not less than 87.5% of the Net Asset Value (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and HKD denominated investment-grade bonds and SFC authorised money market funds in accordance with the requirements of the Code. Yield in HKD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to the Unitholders in HKD.

Other than HSI Futures, the Manager has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

The Product's global exposure to financial derivative instruments will not exceed -100% of its Net Asset Value (i) at the time of Daily rebalancing of the Product; and (ii) between each Daily rebalancing, unless due to market movements. For the calculation of global exposure, the commitment approach will be used, whereby the derivative positions are converted into the equivalent positions in the underlying assets embedded in those derivatives, i.e. the constituents of the Index, taking into account the prevailing value of the underlying assets, the counterparty risk, future market movements and time available to liquidate the positions.

Daily rebalancing of the Product

The Product will rebalance its position on a day when the HKFE and the SEHK are open for trading (i.e. a Business Day). On such days the Product will seek to rebalance its portfolio at or around the close of trading of the underlying futures market, by decreasing exposure in response to the Index's Daily gains or increasing exposure in response to the Index's Daily losses, so that its Daily inverse exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as an inverse product will rebalance its position following the movement of the Index by the end of trading of the underlying futures market. Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of -100 to meet the objective of the Product. If the Index decreases by 10% during the day, the Net Asset Value of the Product would have increased to 110, making the futures exposure of the Product -90. As the Product needs a futures exposure of -110, which is -1x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional -20. Day 1 illustrates the rebalancing requirements if the Index increases by 5% on the subsequent day.

		Calculation	Day 0	Day 1	Day 2
(a)	Initial Product NAV		100	110	104.5
(b)	Initial futures exposure	(b) = (a) × -1	-100	-110	-104.5
(c)	Daily Index change (%)		-10%	5%	-5%
(d)	Profit/loss on futures	(d) = (b) × (c)	10	-5.5	5.225
(e)	Closing Product NAV	(e) = (a) + (d)	110	104.5	109.725
(f)	Futures exposure	(f) = (b) × (1+(c))	-90	-115.5	-99.275
(g)	Target futures exposure to maintain inverse ratio	(g) = (e) × -1	-110	-104.5	-109.73
(h)	**Required rebalancing amounts**	**(h) = (g) – (f)**	**-20**	**11**	**-10.45**

The above figures are calculated before fees and expenses.

Futures roll

As the Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will use its discretion to carry out the roll-over of the spot month HSI Futures into next month HSI Futures with the goal that, by one Business Day before the last trading day of the spot month HSI Futures, all roll-over activities would have occurred.

What are HSI Futures?

HSI Futures are Futures Contracts on the Hang Seng Index traded on the HKFE.

The HSI Futures are leveraged because they are traded on a margin basis. The margin to carry an open position is generally a small percentage (6%-12%) of their value. The HSI Futures are registered, cleared and guaranteed by the HKFE Clearing Corporation Limited ("HKCC"), a subsidiary of HKEx. HKCC acts as the counterparty to all open contracts, which effectively eliminates counterparty risks between HKCC participants.

The key specifications of the HSI Futures are as follows:

Underlying index	Hang Seng Index
Exchange	HKFE
Trading hours	9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:30 p.m. (afternoon trading session) 5:15 p.m. – 11:45 p.m. (after-hours trading session) *Note:* the period during which the HKFE is open for normal trading may be reduced as a result of a Number 8 Typhoon Signal or Black Rainstorm warning.

	There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. – 12:30 p.m. There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States. Expiring contract month closes at 4:00 pm on the last trading day. There shall be no afternoon or after-hours trading session if the last trading day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve.
Contract months	Spot Month, the next calendar month, and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)
Tick size	1 point, representing a value of HKD50
Contract value (as at 22 February 2017)	HKD1,206,400 (Contract month of February 2017)
Margin (as at 22 February 2017)	● Initial margin: HKD71,650 ● Maintenance margin: HKD57,350
Last trading day	The business day immediately preceding the last business day of the contract month
Contract size	HKD50 x Hang Seng Index
Settlement method	Cash settled contract of difference
Final settlement price	The average of quotations taken at (i) five minute intervals from five minutes after the start of, and up to five minutes before the end of, the continuous trading session of SEHK; and (ii) the close of trading on SEHK on the last trading day.
Position limit	10,000 position delta for long or short (calculated on a net basis) combined in all contract months. The position limit applies to a person such as the Manager, i.e. the Manager cannot hold or control HSI Futures over this limit.

Large Open Positions	The Securities and Futures (Contracts Limits and Reportable Position) Rules requires a person holding or controlling a reportable position (or a "large open position") of HSI Futures to notify the HKFE of that reportable position in writing. The large open position is as follows: ● 500 open contracts, in any one contract month, per exchange participant for the exchange participant's own behalf; and ● 500 open contracts, in any one contract month, per client
Volatility Control Mechanism (VCM)	A price limit VCM model is implemented for the HSI Futures market, under which a cooling-off period will be triggered by abrupt price volatility detected at the instrument level: ● The VCM is triggered and a 5-minute cooling-off period will start if the price of a HSI Futures Contract deviates by more than 5% from the last traded price 5 minutes ago (the "VCM Reference Price"). ● During the 5-minute cooling-off period, trading for the HSI Futures Contracts will continue within a fixed price band (±5% from the VCM Reference Price). ● Normal trading without restriction will resume after the cooling-off period.

For more information, please refer to "Hang Seng Index Futures & Options" under "Products & Services > Derivatives Products" on the HKEx website (the contents of which has not been reviewed by the SFC).

Futures liquidity

As of 22 February 2017, the daily average volume and open interest of the spot month (February 2017) HSI Futures for the year of 2017 are 75,809 and 110,037 respectively. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as an inverse product tracking the Index.

Waiver of Investment Restriction

The Manager expects that for HSI Futures, the applicable margin requirement will be higher than 7% (with a historical high level of close to 30%), the Manager has applied to the SFC, and the SFC has granted, a waiver in respect of the Product from the requirement under Chapter 8.4A(e) of the Code that the Product may not hold open positions in any Futures Contracts month for which the combined margin requirement represents 5% or more of the Net Asset Value of the Product. The purpose of the waiver is to enable the Manager in respect of the Product to pursue a futures-based, inverse replication strategy with regards to holdings of HSI Futures which it otherwise would not be able to do. This enables the Manager to reduce the Product's tracking error.

In granting this waiver, the SFC has imposed the conditions on the Product that:

(a) the global exposure of the Product to financial derivative instruments will not exceed -100% of its Net Asset Value, (i) at the time of Daily rebalancing of the Product and (ii) between each Daily rebalancing, unless due to market movements;

(b) in calculating the Product's global exposure to financial derivative instruments under (a) above, the commitment approach shall be used, whereby the derivative positions of the Product are converted into the equivalent positions in the underlying assets embedded in those derivatives, taking into account the prevailing value of the underlying assets, i.e. the constituents of the Index, the counterparty risk, future market movements and the time available to liquidate the positions; and

(c) the assets of the Product will not be used as margin for any financial derivative instruments other than as margin for HSI Futures, or such other financial derivative instruments as may be agreed by the SFC, in accordance with the prevailing margin requirements set by the exchange and/or the executing agents.

Borrowing policy and restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As at the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General Information on the Index

The Hang Seng Index, commonly referred to as HSI (the "Index") measures the performance of the largest and most liquid companies listed in Hong Kong. It comprises a representative sample of stocks quoted on the SEHK.

The Index adopts a freefloat-adjusted market capitalisation weighted methodology, with a 10% cap on individual constituent weightings. The Index has four sub-indices, being finance, commerce and industry, properties and utilities, and each constituent belongs to one of these sub-indices based on the industry classification of the Hang Seng Industry Classification System. The Index is a price return index without adjustments for cash dividends or warrant bonuses.

As at 22 February 2017, it comprised 50 constituent stocks with total market capitalisation of approximately HKD15,249 billion.

The Index was launched on 24 November 1969 and had a base level of 100 on 31 July 1964.

The Index is denominated in HKD.

Index Provider

The Index is compiled and managed by Hang Seng Indexes Company Limited ("HSIL"), a wholly-owned subsidiary of Hang Seng Bank Limited.

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

The Index is calculated on a 2-second basis during trading hours of the SEHK and its closing value is based on the official closing prices of stocks announced by the SEHK.

Index Methodology

Constituent stocks of the Index are selected by a rigorous process of detailed analysis, supported by extensive external consultation. Only securities with a primary listing on the Main Board of the SEHK are eligible potential constituents. H-Shares of mainland China enterprises listed on the SEHK will not be selected unless the company has no unlisted share capital.

The compilation of the Index is based on a free float-adjusted market capitalisation weighted formula with a 10% cap on individual stock weightings. Details are as follows:

(a) Freefloat adjustment: A Freefloat-Adjusted Factor ("FAF") is assigned to each constituent in index calculation.

(b) Cap: A 10% cap on individual stock weightings is applied.

(c) Re-capping frequency: A re-capping exercise will normally be conducted at quarterly intervals to coincide with the regular update of the FAF.

Constituent Eligibility

The universe of stocks (the "Universe") for the Index includes stocks and real estate investment trusts ("REITs") primarily listed on the Main Board of the SEHK, excluding stocks that are secondary listings, foreign companies, preference shares, debt securities, mutual funds and other derivatives. If a company has two classes of listed shares, each class of shares will be considered separately.

A security is eligible for constituent selection if it fulfils the following eligibility criteria:

(a) Market capitalisation requirement

The security must be among those that constitute the top 90th percentile of the total market value (i.e. market capitalisation) of the Universe (market value refers to the average of month-end market values for the past 12 months of any review period);

(b) *Turnover requirement*

Each eligible security will also need to meet the turnover requirement where its turnover in the past 24 months is assessed for eight quarterly sub-periods. The turnover requirement adopts a scoring approach and the details are as follows:

(i) for each quarterly sub-period, a security will be regarded as passing the turnover requirement in that period if it is among the top 90th percentile of the aggregate market turnover of the Universe; and

(ii) two points will be assigned to each "pass" achieved over the latest four sub-periods, and one point will be assigned for each "pass" attained over the previous four sub-periods.

The highest score for turnover requirement is 12 points. Securities should obtain at least 8 points to meet the turnover requirement.

(c) *Listing history requirement*

A security should normally be listed for at least 24 months before becoming eligible for inclusion. Securities with a very large market value but with a listing history of less than 24 months may be considered for inclusion if it satisfies more stringent market capitalisation requirements.

For a security with a listing history of less than or equal to 12 months, it will pass the turnover requirement if it is among the top 90th percentile of the aggregate market turnover of the Universe for each quarterly sub-period. For a security with a listing history of over 12 months, it will pass the turnover requirement should its score reach the minimum requirement, i.e. 8 points, above.

(d) *Special requirement for H-share companies*

The H-shares of mainland China enterprises listed on the SEHK will not be selected unless the company has no unlisted share capital.

Companies or REITs meeting all the eligibility requirements will be considered for inclusion in the Index. The final selection will be decided by the Advisory Committee taking into consideration the following principles:

(a) Market capitalisation and turnover rank of securities;

(b) Representation of the relevant sub-sector within the Index directly reflecting that of the market; and

(c) Financial performance.

Index Reviews

HSIL undertakes regular quarterly reviews of the index constituents with data cut-off dates of end of March, June, September and December each year. In each review, there may or may not be constituent additions or deletions.

Index Rebalancing

Regular rebalancing is usually implemented after market close on the first Friday in March, June, September and December, and comes into effect on the next trading day.

Ad hoc rebalancing will be conducted if a constituent's issued shares and/or FAF is substantially different from the production data. The Index will also be recapped in the event of constituent changes if the newly added component has a weighting that is higher than the index cap level. A minimum notice period of two trading days will be given to subscribers of data products issued by HSIL for any ad hoc rebalance.

Please refer to the Index Operation Guide (available on the website of HSIL) for further details about corporate actions adjustments and index rebalancing.

Top 10 Constituents

As at 22 February 2017, the 10 largest constituent stocks of the Index as listed below, represented 61.54% of the Index:

Rank	Constituent Name	Weighting (%)
1.	Tencent Holdings Ltd	10.47
2.	HSBC Holdings PLC	10.15
3.	China Construction Bank	8.83
4.	AIA Group Ltd	7.48
5.	China Mobile Ltd	6.80
6.	Industrial and Commercial Bank of China	4.84
7.	Bank of China Ltd	4.04
8.	CK Hutchison Holdings Ltd	3.19
9.	Hong Kong Exchanges & Clearing Ltd	2.94
10.	Ping An Insurance Group Co of China Ltd	2.81

You can obtain the most updated list of the constituents of the Index and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.hsi.com.hk (the contents of which have not been reviewed by the SFC).

Index Code

Bloomberg Code: HSI
Reuters Code: .HSI

Comparison between the Index and the inverse performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance)

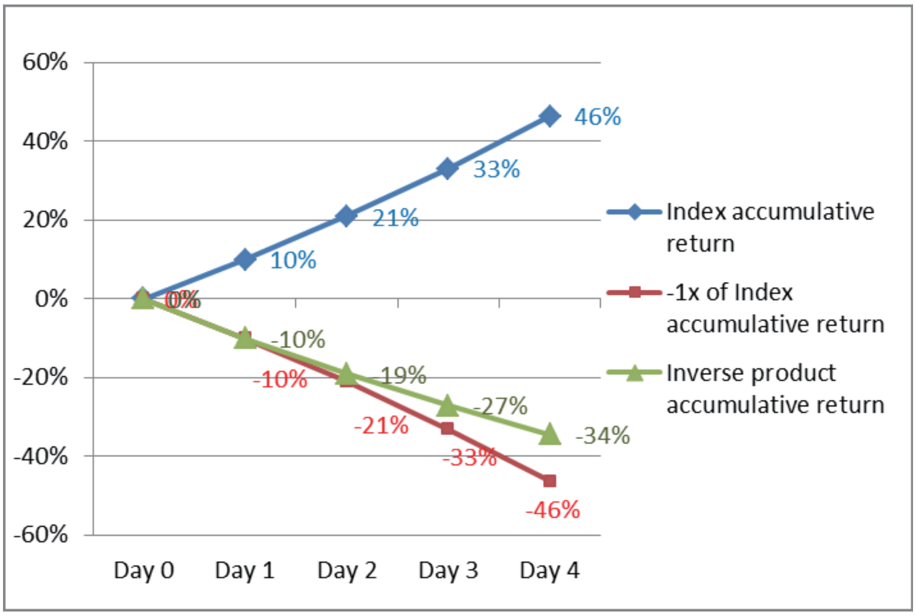
The Product's objective is to provide returns which are of a predetermined inverse factor (-1x) of the Daily performance of the Index. As such, the Product's performance may not track -1x the accumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by -100% generally will not equal -100% of the Product's performance over that same period. It is also expected that the Product will underperform the return of -100% of the Index in a trendless or flat market. This is caused by compounding, which is the accumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (-1x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical $100 investment in the Product.

Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated loss will be less than -1x the accumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 34%, compared with a 46% loss which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	-10%	90.00	-10%	-10%	0%
Day 2	10%	121.00	21%	-10%	81.00	-19%	-21%	2%
Day 3	10%	133.10	33%	-10%	72.90	-27%	-33%	6%
Day 4	10%	146.41	46%	-10%	65.61	-34%	-46%	12%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.

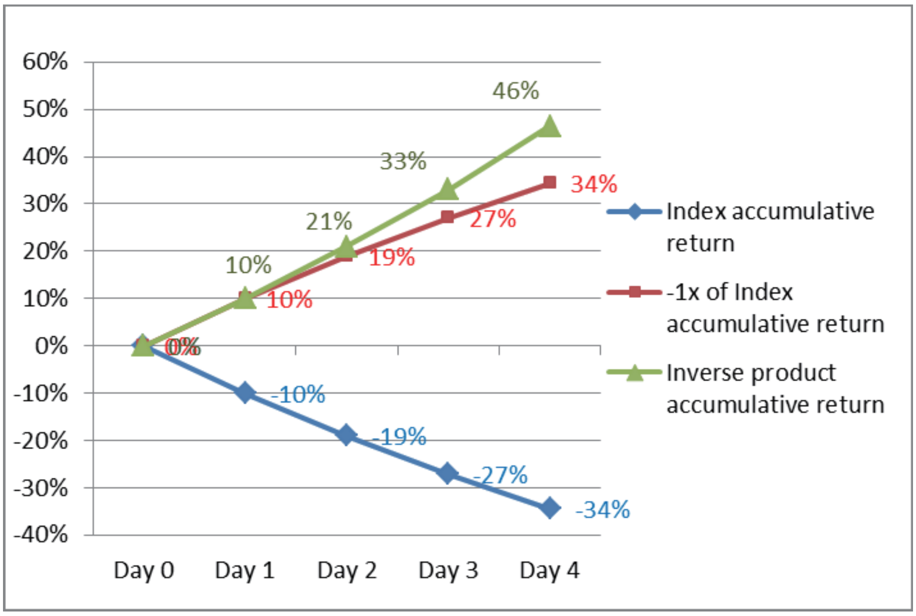


Scenario 2: Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated gains will be greater than -1x the accumulative Index return. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 46%, compared with a 34% gain which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	10%	110.00	10%	10%	0%
Day 2	-10%	81.00	-19%	10%	121.00	21%	19%	2%
Day 3	-10%	72.90	-27%	10%	133.10	33%	27%	6%
Day 4	-10%	65.61	-34%	10%	146.41	46%	34%	12%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

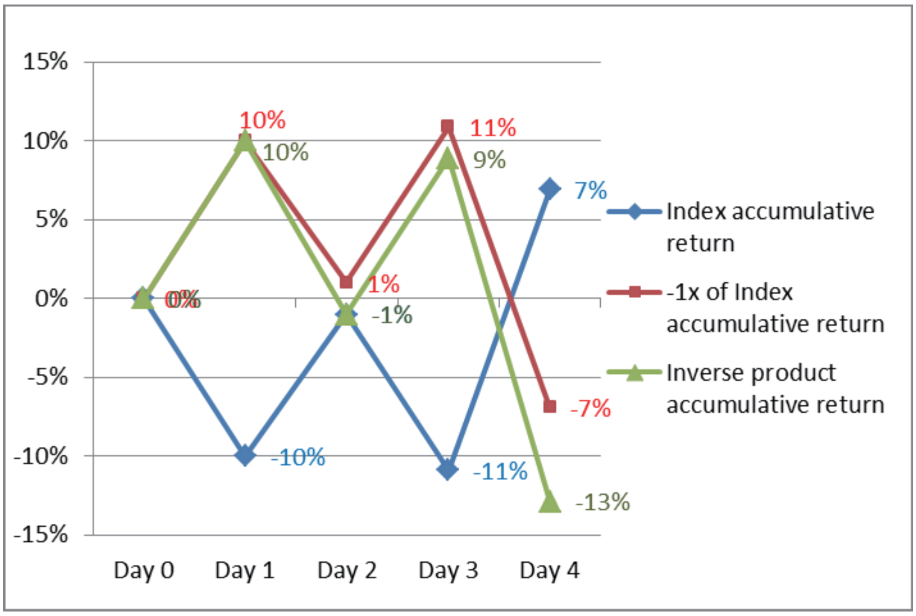


Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 13%, compared with a 7% loss which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		**100.00**			**100.00**			
Day 1	-10%	90.00	-10%	10%	110.00	10%	10%	0%
Day 2	10%	99.00	-1%	-10%	99.00	-1%	1%	-2%
Day 3	-10%	89.10	-11%	10%	108.90	9%	11%	-2%
Day 4	20%	106.92	7%	-20%	87.12	-13%	-7%	-6%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.

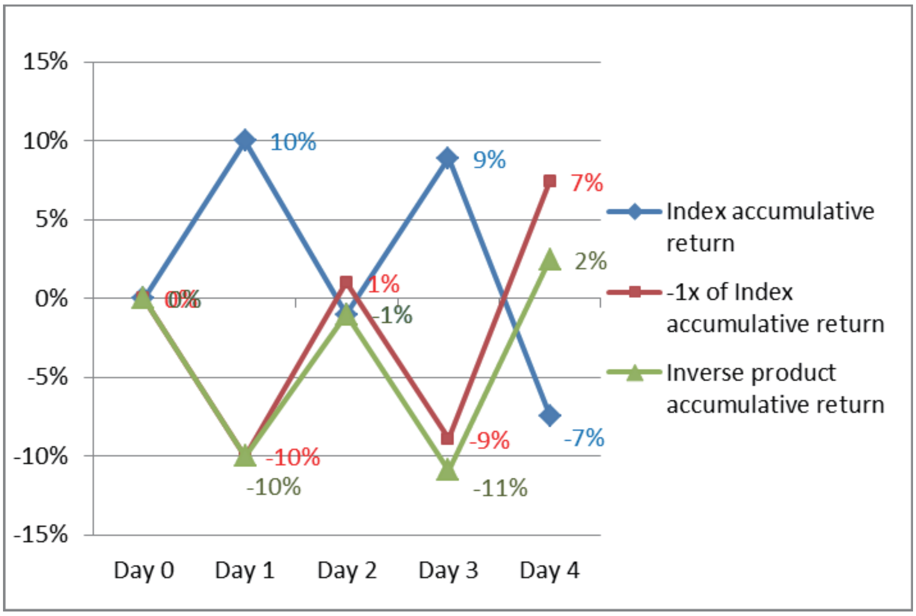


Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 2%, compared with a 7% gain which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	-10%	90.00	-10%	-10%	0%
Day 2	-10%	99.00	-1%	10%	99.00	-1%	1%	-2%
Day 3	10%	108.90	9%	-10%	89.10	-11%	-9%	-2%
Day 4	-15%	92.57	-7%	15%	102.47	2%	7%	-5%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.

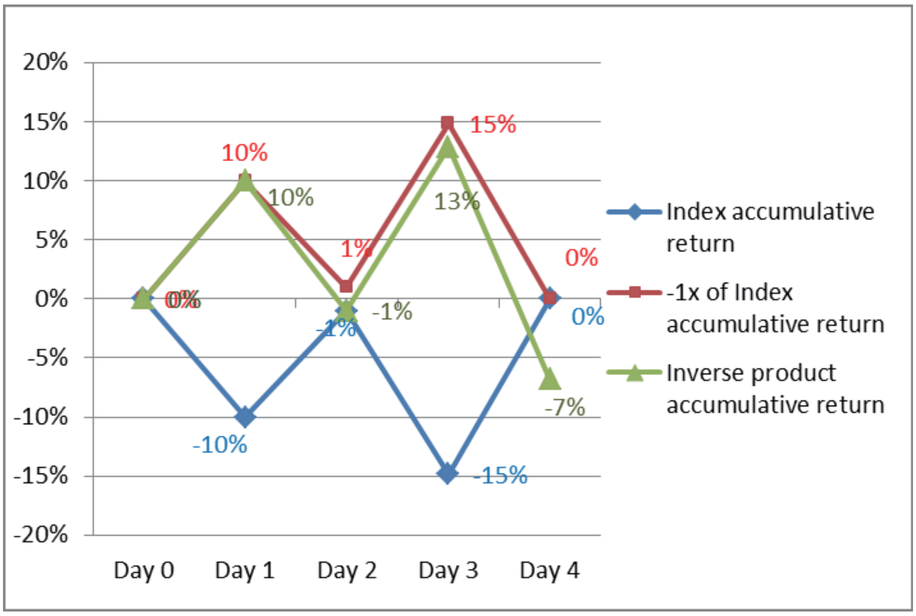


Scenario 5: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	10%	110.00	10%	10%	0%
Day 2	10%	99.00	-1%	-10%	99.00	-1%	1%	-2%
Day 3	-14%	85.14	-15%	14%	112.86	13%	15%	-2%
Day 4	17%	100.00	0%	-17%	93.17	-7%	0%	-7%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables, the accumulative performance of the Product is not "symmetrical" to the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the inverse performance of the Index (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may be completely uncorrelated to the extent of change of the Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at http://www.csopasset.com/I_HSI, which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product tracks the inverse performance of the Index, if observed on a Daily basis. However, due to path dependency of the Index and the Daily inverse performance of the Index, when comparing the Index and the inverse performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical inverse performance of the Index will not be equal to the simple inverse performance of the Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Index and the inverse performance of the Index. *Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.*

	Index		**Product (Inverse of the Index)**	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	-10.00%	90.00
Day 3	-9.09%	100.00	+9.09%	98.18

Assuming the Product tracks the inverse performance of the Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of both the Index the Product will be the same. That is, the Net Asset Value of the Product will fall by 10.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will rise by 9.09% if the Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Index and the closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple inverse performance of the Index.

Index Licence Agreement

The licence of the Index commenced on 3 February 2017 and should continue until terminated by either the Manager or the Index Provider by giving the other party three months' prior written notice, or otherwise terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The Hang Seng Index is published and compiled by HSIL pursuant to a licence from Hang Seng Data Services Limited ("HSDS"). The mark and name "Hang Seng Index" is proprietary to HSDS. HSIL and HSDS have agreed to the use of, and reference to, the Hang

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The Offering Phases

Initial Offer Period

The Initial Offer Period commences at 9:00 a.m. (Hong Kong time) on 10 March 2017 and ends at 4:00 p.m. (Hong Kong time) on 10 March 2017, or such other date as the Manager may determine.

The Listing Date is expected to be on 14 March 2017 but may be postponed by the Manager to a date no later than 13 April 2017.

The purpose of the Initial Offer Period is to enable Participating Dealers to subscribe for Units either on their own account or for their clients, in accordance with the Trust Deed and the Operating Guidelines. During this period, Participating Dealers (acting for themselves or for their clients) may apply for Units to be available for trading on the Listing Date by creation. No redemptions are permitted during the Initial Offer Period.

Upon receipt of a Creation Application from a Participating Dealer (acting for itself or its clients) during the Initial Offer Period, the Manager shall procure the creation of Units for settlement on the Initial Issue Date.

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus. Investors are therefore advised to consult with the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Units on their behalf.

After Listing

"After Listing" commences on the Listing Date and continues until the Trust is terminated.

Dealings in the Units on the SEHK will commence on the Listing Date, which is expected to be on 14 March 2017 but may be postponed by the Manager to a date no later than 13 April 2017.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market.

Please refer to the section on "The Offering Phases" for details. The following table summarises all key events and the Manager's expected timetable (all references to times are to Hong Kong time):

Initial Offer Period commences	
● Participating Dealers may apply for creation for themselves or for their clients in Application Unit size	● 9:00 a.m. (Hong Kong time) on 10 March 2017 but may be postponed by the Manager to no later than 9:00 a.m. (Hong Kong time) 11 April 2017
The date that is two 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	● 4:00 p.m. (Hong Kong time) on 10 March 2017 but may be postponed by the Manager to no later than 4:00 p.m. (Hong Kong time) on 11 April 2017

After listing (period commences on the Listing Date)	
• All investors may start trading Units on the SEHK through any designated brokers; and	• Commence at 9:30 a.m. (Hong Kong time) on 14 March 2017, but may be postponed by the Manager to a date no later than 13 April 2017
• Participating Dealers may apply for creation and redemption (for themselves or for their clients) in Application Unit size	• 8:00 a.m. (Hong Kong time) to 3:30 p.m. (Hong Kong time) on each Dealing Day

Exchange Listing and Trading (Secondary Market)

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

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 one or more other stock exchanges. Investors' attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Dealings on the SEHK in Units traded in HKD are expected to begin on 14 March 2017.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

Distribution Policy

The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the Product.

The Manager may, at its discretion, pay distributions out of capital. The Manager may also, at its discretion, pay distributions out of gross income while all or part of the fees and expenses of the Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of capital. Investors should note that payments of distributions 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 out of or effectively out of the Product's capital may result in an immediate reduction in the Net Asset Value per Unit and will reduce any capital appreciation for the Unitholders.

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/I_HSI.

The distribution policy may be amended subject to the SFC's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the base currency of the Product (i.e. HKD). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in HKD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/I_HSI and on HKEx's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx.

There can be no assurance that distributions will be paid.

Each Unitholder will receive distributions in HKD. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning 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.

Fees and Expenses

Management Fee

The Product pays a Management Fee as a single flat fee, currently at 0.99% per year of the Net Asset Value of the Product. Please refer to the section "Fees and Expenses" as to the fees and charges included in the Management Fee. The Management Fee is calculated as at each Dealing Day and payable monthly in HKD in arrears out of the Trust Fund.

The Management Fee may be increased up to 3% per year of the Net Asset Value of the Product, on one month's notice to Unitholders (or such shorter period as approved by the SFC). In the event that such fee is to be increased beyond this rate (which is the maximum rate set out in the Trust Deed), such increase will be subject to the Unitholders' and the SFC's approval.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its institutional rates.

Such institutional market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately HKD20 to HKD60 per Future Contract levied by the broker.

The above rates will amount to approximately 0.005%-0.01% per annum of the Net Asset Value and may increase to approximately 0.35% or more per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Risk Factors Specific to the Product

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable specifically to the Product.

Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Index over that same period (e.g. the loss may be more than -1 time the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the inverse performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance falls or is flat.

Inverse Product vs. Short Selling Risk

Investing in the Product is different from taking a short position. Because of rebalancing the return profile of the Product is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Product may deviate from a short position.

Unconventional Return Pattern Risk

Risk investment outcome of the Product is the opposite of conventional investment funds. If the value of the Index increases for extended periods, the Product will likely to lose most or all of its value.

Risk of Rebalancing Activities

There is no assurance that the Product can rebalance their portfolio on a Daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity Risk

The rebalancing activities of the Product typically take place near the end of trading of the underlying futures market to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Volatility risk

Prices of the Product may be more volatile than conventional ETFs because of the daily rebalancing activities.

Intraday Investment Risk

The Product is normally rebalanced at the end of trading of the underlying futures market on a Business Day. As such, return for investors that invest for period less than a full Trading Day will generally be greater than or less than the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one Trading Day until the time of purchase.

Portfolio Turnover Risk

Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

Investments in Futures Contracts exposes the Product to a liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Backwardation Risk

The process of rolling will subject the Product to backwardation risks. For example, a Futures Contract may specify a March expiration. As time passes, the Futures Contract expiring in March is replaced by a contract for expiry in April by buying the March contract and entering into a short position of the April contract. Excluding other considerations, if the market for these contracts is in "backwardation", where the prices are lower in the distant expiry months than in the nearer expiry months, the closing of the March short position would take place at a price that is higher than the price of the April contract. Accordingly the closing out of the March short position when rolling (buying and then selling the Futures Contracts) would take place at a price that is higher than the price of the April contract, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin Risk

Generally investment in Futures Contracts involves the posting of margin or collateral. Because of the low margin deposits or collateral normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. A futures transaction by the Product may result in losses in excess of the amount invested by the Product. Additional funds may need to be posted as margin or collateral to meet such calls based upon daily marking to market of Futures

Contracts. Increases in the amount of margin or collateral or similar payments may result in the need for the Product to liquidate its investments at unfavourable prices in order to meet margin or collateral calls. This may result in substantial losses to Unitholders.

Futures Contracts Market Risks

Futures Contracts markets may be uncorrelated to traditional markets (such as equities markets) and are subject to greater risks than other markets. It is a feature of Futures Contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of Futures Contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments. In some cases, far-reaching political changes may result in constitutional and social tensions, instability and reaction against market reforms.

Clearing House's Failure Risk

In the event of the bankruptcy of the exchange's clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange's clearing house if the exchange's clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

Holding of HSI Futures Restriction in Number Risk

The current restriction in the Securities and Futures (Contracts Limits and Reportable Position) Rules (the "Rules") made under the SFO limits the holding by a person for his own account, or for another person but which he controls, of futures contracts or stock options contracts. As such, not only are the positions held or controlled by the Product subject to the prescribed position limit, the positions held or controlled by the Manager, including the positions held for the Manager's own account or for the funds under its management (such as the Product) but controlled by the Manager, may also not in aggregate exceed the relevant maximum. Accordingly, the Product's ability to acquire further HSI Futures may be affected by other futures/option contracts held or controlled by the Manager (including Mini-Hang Seng Index futures contracts and options contracts, Hang Seng Index options contracts and positions held or controlled for other funds/products). Because Unitholders will not themselves hold HSI Futures or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the Rules. Whilst the Manager does not anticipate that this will have any immediate effect on the Product, if the position held or controlled by the Manager reaches the relevant position limit or if the Net Asset Value of the Product grows significantly the restrictions under the Rules may prevent creations of Units due to the inability under the Rules of the Product to acquire further HSI Futures. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The investment exposure could also deviate from the target exposure which adds tracking error to the Product.

Regulatory Change Risk

The regulation of Futures Contracts, and futures transactions in general, is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any such regulatory changes on the Product is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the Product and what can be done, if anything, to try and limit such impact.

Index Constituents and Futures Contracts Price Limit Risk

The Product's investment objective is to provide investment results that closely correspond to the inverse (-1x) the Daily performance of the Index. Although the Index is an equity index, the Product invests in HSI Futures. The HKEx has adopted a volatility control mechanism ("VCM") for securities including constituents of the Index. During the continuous trading session of the constituents of the Index, the VCM is triggered if the price of a security is deviated more than ±10% away from the last traded price 5 minutes ago, and a 5 minutes cooling-off period will start. During the cooling off period, trading is allowed within a fixed price band (±10% of the last trading price). There will be a maximum of one VCM trigger in each trading session (morning session and afternoon session are counted as two separate trading sessions).

VCM also applies to the HSI Futures. If there is an attempt to trade a HSI Future at a price more than 5% away from its last traded price 5 minutes ago, it will trigger a 5-minute cooling-off period where trading of the HSI Futures can still continue but within a band (±5% of the last trading price). Normal trading without restriction will resume after the cooling-off period.

As a result, the price movement of the Index may be greater than the HSI Futures' price movement. If the VCM cooling-off period is triggered at or around the close of trading on the underlying futures market on any Business Day, this may result in imperfect Daily rebalancing of the Product.

Trading Hours Difference Risk

The HKFE and the SEHK have different trading hours. As the HKFE may be open when Units in the Product are not priced, the value of the HSI Futures in the Product's portfolio may change on days when investors will not be able to purchase or sell the Product's Units. Difference in trading hours between the HKFE and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.

Trading of the Index constituents closes earlier than trading of the HSI Futures so there may continue to be price movements for the HSI Futures when Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and the HSI Futures, which may prevent the Product from achieving its investment objective.

Inverse Performance of Index

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than inverse performance of an index. Should the value of the underlying Securities of the Index increase, it could have a negative effect on the performance of the

Product. As such, Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily inverse results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking an inverse position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily inverse performance of the Index over a certain period may not be "symmetrical" to the point-to-point performance of the Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Index. As such, the performance of the Product is not inversely correlated to the performance of the Index over a certain period of time. Please refer to the section "Explanation on Path Dependency" above.

Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, may deviate from the inverse performance of the Index.

Concentration Risk

To the extent that the index constituents concentrates in Hong Kong listed securities (including H-shares and red chip shares) of a particular sector or market, the investments of the Product may be similarly concentrated. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Product may be more susceptible to adverse conditions in such particular market/sector.

Suspension of Creation Risk

There can be no assurance that there are sufficient HSI Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product 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 illiquidity of the HSI Futures, and delay or disruption in execution of trades or in settlement of trades.

Investment in Other Funds Risk

As part of the Product's investment strategy, the Manager may invest in other investment products such as SFC authorised money market funds. Although such funds will be regulated in Hong Kong, the Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. In particular, as an investor in such funds, the Product will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the Product to the Manager.

Distributions Out Of or Effectively Out Of Capital Risk

The Manager may, at its discretion make distributions out of capital. The Manager may also, at its discretion, make distributions out of gross income while all or part of the fees and expenses of a Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of the capital. Payment of distributions 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 distributions out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset Value per Unit. The Manager may amend its distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Appendix dated 10 March 2017

APPENDIX 5: CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (2X) LEVERAGED PRODUCT

Key Information

Set out below is a summary of key information in respect of the CSOP Hang Seng China Enterprises Index Daily (2x) Leveraged Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index
Index	Hang Seng China Enterprises Index (the "Index")
Initial Offer Period	9:00 a.m. (Hong Kong time) of 10 March 2017 to 4:00 p.m. (Hong Kong time) of 10 March 2017, or such other date as the Manager may determine
Initial Issue Date	13 March 2017, or such other date as the Manager may determine
Issue Price during the Initial Offer Period	HKD7.2
Listing Date (SEHK)	Expected to be 14 March 2017, but may be postponed by the Manager to a date no later than 13 April 2017
Exchange Listing	SEHK – Main Board
Stock Code	07288
Short Stock Name	FL2 CSOP HSCEI
Trading Board Lot Size	100 Units
Base Currency	HKD
Trading Currency	HKD
Distribution Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs. Further, the Manager may, at its discretion, pay distributions out of capital or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of distributions and therefore, distributions may be paid effectively out of capital.

	All Units will receive distributions in the base currency (HKD) only.
Creation/Redemption Policy	Cash (HKD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 800,000 Units (or multiples thereof)
Dealing Deadline	3:30 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Ongoing Charges over a year# (Annual Average Daily Ongoing Charges*):	Estimated to be 1.28% (0.005%)
Management Fee	Currently 0.99% per year of the Net Asset Value
Financial Year End	31 December
Website	http://www.csopasset.com/L_HSCEI

What is the Investment Objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to <u>twice (2x)</u> the <u>Daily</u> performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

What is the Investment Strategy?

To achieve the investment objective of the Product, the Manager will adopt a futures-based replication strategy through investing directly in the spot month futures contracts on the Index ("HSCEI Futures") subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

The investment strategy of the Product is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

This is indicative only because the Product is newly established. It represents estimated ongoing expenses chargeable to the Product as a percentage of the estimated average Net Asset Value of the Product. The actual figure may be different from the estimated figure and may vary from year to year. This figure does not represent the estimated tracking error.

* *This is indicative only because the Product is newly established. It is equal to the estimated ongoing charges figure over the first year of listing divided by the anticipated number of dealing days during that year. The actual figure may be different from the estimated figure and may vary from year to year.*

In entering the spot month HSCEI Futures, the Manager anticipates that no more than 30% of the Net Asset Value of the Product from time to time will be used as margin to acquire the HSCEI Futures. Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially.

Not less than 70% of the Net Asset Value (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and HKD denominated investment-grade bonds and SFC authorised money market funds in accordance with the requirements of the Code. Yield in HKD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to the Unitholders in HKD.

Other than HSCEI Futures, the Manager has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

The Product's global exposure to financial derivative instruments will not exceed 200% of its Net Asset Value (i) at the time of Daily rebalancing of the Product; and (ii) between each Daily rebalancing, unless due to market movements. For the calculation of global exposure, the commitment approach will be used, whereby the derivative positions are converted into the equivalent positions in the underlying assets embedded in those derivatives, i.e. the constituents of the Index, taking into account the prevailing value of the underlying assets, the counterparty risk, future market movements and time available to liquidate the positions.

Daily rebalancing of the Product

The Product will rebalance its position on a day when the HKFE and the SEHK are open for trading (i.e. a Business Day). On such days the Product will seek to rebalance its portfolio at or around the close of trading of the underlying futures market, by increasing exposure in response to the Index's Daily gains or reducing exposure in response to the Index's Daily losses, so that its Daily leveraged exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as a leveraged product will rebalance its position following the movement of the Index by the end of trading of the underlying futures market. Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of 200 to meet the objective of the Product. If the Index increases by 10% during the day, the Net Asset Value of the Product would have increased to 120, making the futures exposure of the Product 220. As the Product needs a futures exposure of 240, which is 2x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional 20. Day 1 illustrates the rebalancing requirements if the Index falls by 5% on the subsequent day.

		Calculation	Day 0	Day 1	Day 2
(a)	Initial Product NAV		100	120	108
(b)	Initial futures exposure	(b) = (a) × 2	200	240	216
(c)	Daily Index change (%)		10%	-5%	5%
(d)	Profit / loss on futures	(d) = (b) × (c)	20	-12	10.8
(e)	Closing Product NAV	(e) = (a) + (d)	120	108	118.8
(f)	Futures exposure	(f) = (b) × (1+(c))	220	228	226.8
(g)	Target futures exposure to maintain leverage ratio	(g) = (e) × 2	240	216	237.6
(h)	**Required rebalancing amounts**	**(h) = (g) – (f)**	**20**	**-12**	**10.8**

The above figures are calculated before fees and expenses.

Futures roll

As the Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will use its discretion to carry out the roll-over of the spot month HSCEI Futures into next month HSCEI Futures with the goal that, by one Business Day before the last trading day of the spot month HSCEI Futures, all roll-over activities would have occurred.

What are HSCEI Futures?

HSCEI Futures are Futures Contracts on the Hang Seng China Enterprises Index traded on the HKFE.

The HSCEI Futures are leveraged because they are traded on a margin basis. The margin to carry an open position is generally a small percentage (6%-15%) of their value. The HSCEI Futures are registered, cleared and guaranteed by the HKFE Clearing Corporation Limited ("HKCC"), a subsidiary of HKEx. HKCC acts as the counterparty to all open contracts, which effectively eliminates counterparty risks between HKCC participants.

The key specifications of the HSCEI Futures are as follows:

Underlying index	Hang Seng China Enterprises Index
Exchange	HKFE
Trading hours	9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:30 p.m. (afternoon trading session) 5:15 p.m. – 11:45 p.m. (after-hours trading session) *Note: the period during which the HKFE is open for normal trading may be reduced as a result of a Number 8 Typhoon Signal or Black Rainstorm warning.* There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. – 12:30 p.m.

	There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States. Expiring contract month closes at 4:00 pm on the last trading day. There shall be no afternoon or after-hours trading session if the last trading day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve.
Contract months	Spot Month, the next calendar month, and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)
Last trading day	The business day immediately preceding the last business day of the contract month
Contract size	HKD50 x Hang Seng China Enterprises Index
Tick size	1 point, representing a value of HKD50
Contract value (as at 22 February 2017)	HKD526,650 (Contract month of February 2017)
Margin (as at 22 February 2017)	● Initial margin: HKD30,450 ● Maintenance margin: HKD24,350
Settlement method	Cash settlement
Final settlement price	The average of quotations taken at (i) five minute intervals from five minutes after the start of, and up to five minutes before the end of, the continuous trading session of SEHK; and (ii) the close of trading on SEHK on the last trading day.
Position limit	12,000 position delta for long or short (on a net basis) combined in all contract months. The position limit applies to a person such as the Manager, i.e. the Manager cannot hold or control HSCEI Futures over this limit.

Large Open Positions	The Securities and Futures (Contracts Limits and Reportable Position) Rules requires a person holding or controlling a reportable position (or a "large open position") of HSCEI Futures to notify the HKFE of that reportable position in writing. The large open position is as follows: ● 500 open contracts, in any one contract month, per exchange participant for the exchange participant's own behalf; and ● 500 open contracts, in any one contract month, per client
Volatility Control Mechanism (VCM)	A price limit VCM model is implemented for the HSCEI Futures market, under which a cooling-off period will be triggered by abrupt price volatility detected at the instrument level: ● The VCM is triggered and a 5-minute cooling-off period will start if the price of a HSCEI Futures Contract deviates by more than 5% from the last traded price 5 minutes ago (the "VCM Reference Price"). ● During the 5-minute cooling-off period, trading for the HSCEI Futures Contracts will continue within a fixed price band (±5% from the VCM Reference Price). ● Normal trading without restrictionwill resume after the cooling-off period.

For more information, please refer to "H-shares Index Futures & Options" under "Products & Services > Derivatives Products" on the HKEx website (the contents of which has not been reviewed by the SFC).

Futures liquidity

As of 22 February 2017, the daily average volume and open interest of the spot month (February 2017) HSCEI Futures for the year of 2017 are 74,434 and 228,758 respectively. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as a leveraged product tracking the Index.

Waiver of Investment Restriction

The Manager expects that for HSCEI Futures, the applicable margin requirement will be higher than 7% (with a historical high level of 42%), the Manager has applied to the SFC, and the SFC has granted, waivers in respect of the Product from the requirement under Chapter 8.4A(e) and 8.4A(b) of the Code that:

(1) the Product may not hold open positions in any Futures Contracts month for which the combined margin requirement represents 5% or more of the Net Asset Value of the Product; and

(2) at least 30% of the Net Asset Value of the Product must be held on deposit or invested in liquid short term debt instruments and may not be used for margin requirements. Not more than 70% of the Net Asset Value of the Product may be committed as margin for futures or options contracts, and/or premium paid for options purchased (including put and/or call options).

The purpose of the waivers is to enable the Manager in respect of the Product to pursue a futures-based, leveraged replication strategy with regards to holdings of HSCEI Futures which it otherwise would not be able to do. This enables the Manager to reduce the Product's tracking error.

In granting this waiver, the SFC has imposed the conditions on the Product that:

(a) the global exposure of the Product to financial derivative instruments will not exceed 200% of its Net Asset Value, (i) at the time of Daily rebalancing of the Product and (ii) between each Daily rebalancing, unless due to market movements;

(b) in calculating the Product's global exposure to financial derivative instruments under (a) above, the commitment approach shall be used, whereby the derivative positions of the Product are converted into the equivalent positions in the underlying assets embedded in those derivatives, taking into account the prevailing value of the underlying assets, i.e. the constituents of the Index, the counterparty risk, future market movements and the time available to liquidate the positions; and

(c) the assets of the Product will not be used as margin and/or premium for any financial derivative instruments other than as margin for HSCEI Futures, or such other financial derivative instruments as may be agreed by the SFC, in accordance with the prevailing margin requirements set by the exchange and/or the executing agents.

Borrowing policy and restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As at the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General Information on the Index

The Hang Seng China Enterprises Index (the "Index") serves as a benchmark that reflects the performance of the largest and most liquid H-shares companies listed in Hong Kong. The Index adopts a freefloat-adjusted market capitalisation weighted methodology, with a 10% cap on individual constituent weightings. The Index is a price return index without adjustments for cash dividends or warrant bonuses.

As at 22 February 2017, it comprised 40 constituent stocks with total market capitalisation of approximately HKD4,711 billion.

The Index was launched on 8 August 1994 and had a base level of 2000 on 3 January 2000.

The Index is denominated in HKD.

Index Provider

The Index is compiled and managed by Hang Seng Indexes Company Limited ("HSIL"), a wholly-owned subsidiary of Hang Seng Bank Limited.

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

The Index is calculated on a 2-second basis during trading hours of the SEHK and its closing value is based on the official closing prices of stocks announced by the SEHK.

Index Methodology

Only H-share securities with a primary listing on the Main Board of the SEHK are eligible potential constituents.

Constituent Eligibility

The universe of stocks (the "Universe") for the Index includes all H-share companies primarily listed on the Main Board of the SEHK, excluding stocks that are secondary listings, foreign companies, preference shares, debt securities, mutual funds and other derivatives.

A security is eligible for constituent selection if it fulfils the following eligibility criteria:

(a) *Listing history requirement*

Stocks should have been listed for at least one month, starting from the listing date to the review cut-off date (both dates inclusive), in order to be considered in the index review.

(b) *Turnover requirement*

For each stock, its turnover velocity in each of the past 12 months is calculated using the following formula:

$$\text{Turnover velocity} = \frac{\text{Median of daily traded shares in specific calendar month}}{\text{Freefloat-adjusted issued shares at month end}}$$

Turnover velocity of a new constituent entering the Index must meet the minimum requirement for at least 10 out of the past 12 months and for all of the latest three months. Turnover velocity of an existing constituent of the Index must meet the minimum requirement for at least 10 out of the past 12 months.

Then, all eligible stocks are ranked by each of the following:

i. Full market capitalisation, in terms of average month-end market capitalisation in the past 12 months.

ii. Freefloat-adjusted market capitalisation, in terms of 12-month average market capitalisation after freefloat adjustment.

iii. Average of the past month-end market capitalisation will be used for stocks with a listing history of less than 12 months.

A combined market capitalisation ranking is calculated for each stock based on the following formula:

$$\text{Combined Market Capitalisation Ranking} = \text{50\% of Full Market Capitalisation} + \text{50\% of Freefloat-adjusted Market Capitalisation}$$

The 40 stocks that have the highest combined market capitalisation ranking will be selected as constituents of the Index.

A freefloat-adjusted market capitalisation weighted methodology with a cap of 10% on each constituent weighting is adopted for the Index calculation.

Index Reviews

HSIL undertakes regular quarterly reviews of the index constituents with data cut-off dates of end of March, June, September and December each year. In each review, there may or may not be constituent additions or deletions.

Index Rebalancing

Regular rebalancing is usually implemented after market close on the first Friday in March, June, September and December, and comes into effect on the next trading day.

Ad hoc rebalancing will be conducted if a constituent's issued shares and/or FAF is substantially different from the production data. The Index will also be recapped in the event of constituent changes if the newly added component has a weighting that is higher than the index cap level. A minimum notice period of two trading days will be given to subscribers of data products issued by HSIL for any ad hoc rebalance.

Please refer to the Index Operation Guide (available on the website of HSIL) for further details about corporate actions adjustments and index rebalancing.

Top 10 Constituents

As at 22 February 2017, the 10 largest constituent stocks of the Index as listed below, represented 64.54% of the Index:

Rank	**Constituent Name**	**Weighting (%)**
1.	Bank of China Ltd	10.71
2.	China Construction Bank Corp	10.35
3.	ICBC	10.13
4.	Ping An Insurance Group Co of China Ltd	7.89
5.	China Life Insurance Co Ltd	6.51
6.	China Petroleum & Chemical Corp	5.64
7.	PetroChina Co Ltd	4.66
8.	Agricultural Bank of China Ltd	3.19
9.	China Merchants Bank Co Ltd	2.98
10.	China Pacific Insurance Group Co Ltd	2.47

You can obtain the most updated list of the constituents of the Index and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.hsi.com.hk (the contents of which have not been reviewed by the SFC).

Index Code

Bloomberg Code: HSCEI
Reuters Code: .HSCE

Comparison between the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance)

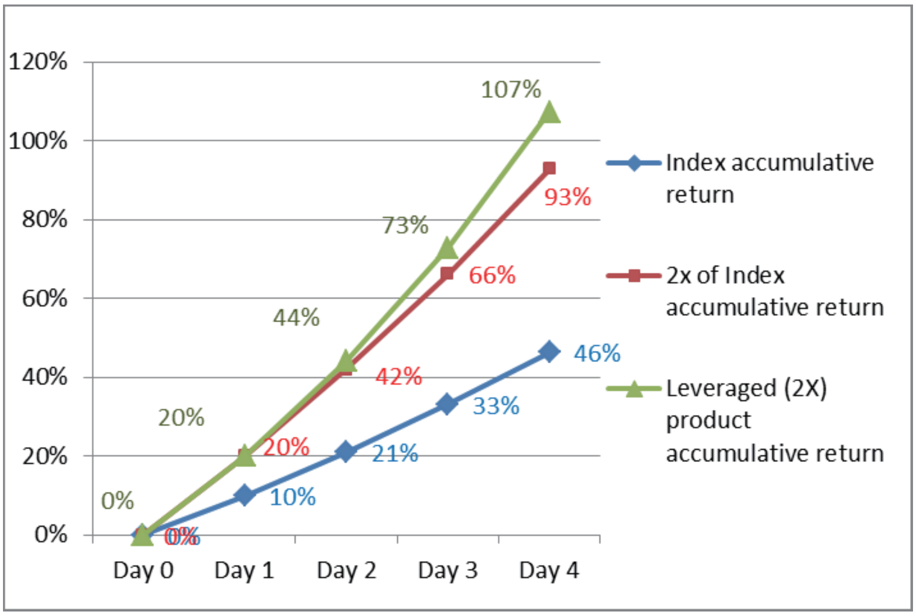
The Product's objective is to provide returns which are of a predetermined leverage factor (2x) of the Daily performance of the Index. As such, the Product's performance may not track twice the accumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by 200% generally will not equal 200% of the Product's performance over the same period. It is also expected that the Product will underperform the return of 200% of the Index in a trendless or flat market. This is caused by compounding, which is the accumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical $100 investment in the Product.

Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated return will be greater than twice the accumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 107%, compared with a 93% gain which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged (2X) product Daily return	Leveraged (2X) product NAV	Leveraged (2X) product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	10%	121.00	21%	20%	144.00	44%	42%	2%
Day 3	10%	133.10	33%	20%	172.80	73%	66%	7%
Day 4	10%	146.41	46%	20%	207.36	107%	93%	15%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.

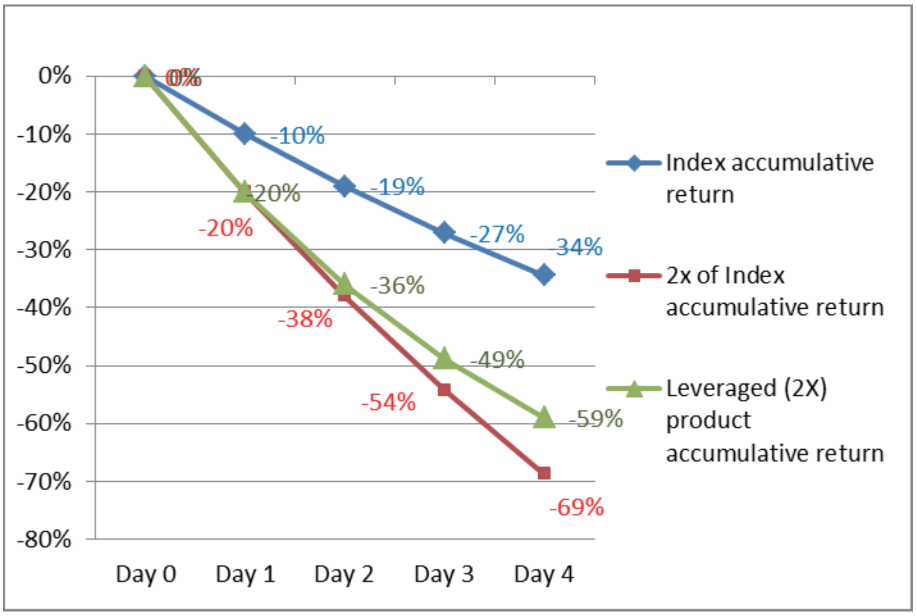


Scenario 2: Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated loss will be less than twice the accumulative Index loss. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 59%, compared with a 69% loss which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	-10%	81.00	-19%	-20%	64.00	-36%	-38%	2%
Day 3	-10%	72.90	-27%	-20%	51.20	-49%	-54%	5%
Day 4	-10%	65.61	-34%	-20%	40.96	-59%	-69%	10%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

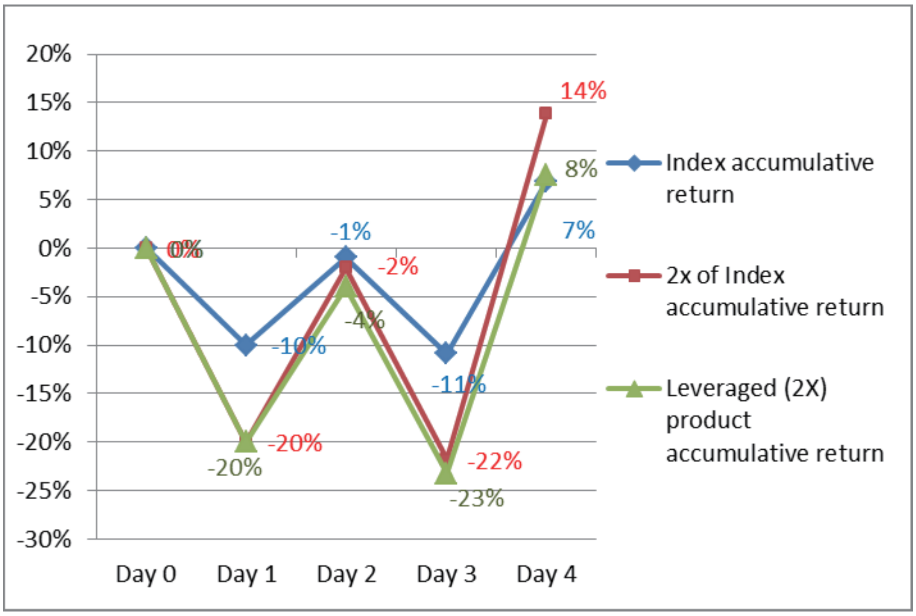


Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 8%, compared with a 14% gain which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-10%	89.10	-11%	-20%	76.80	-23%	-22%	-1%
Day 4	20%	106.92	7%	40%	107.52	8%	14%	-6%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.

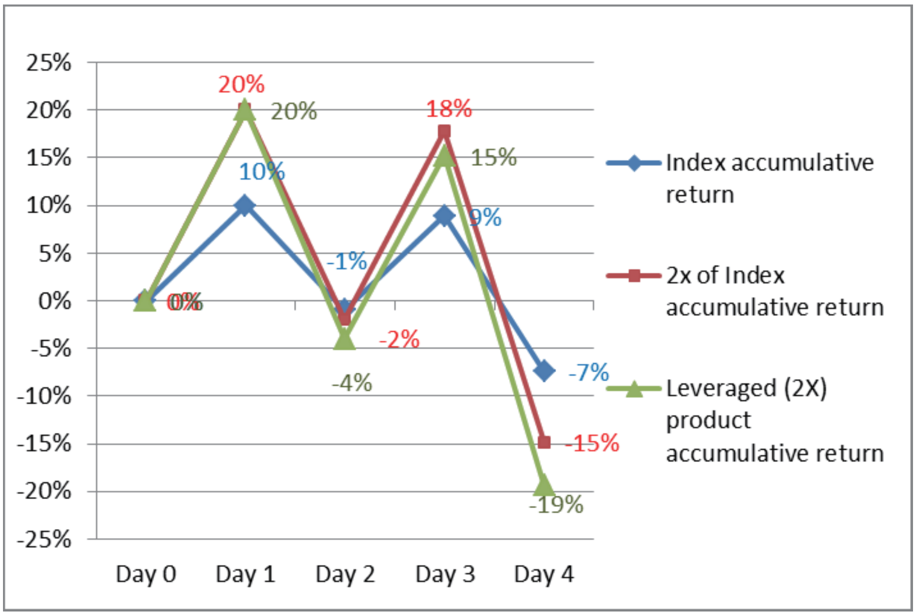


Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 19%, compared with a 15% loss which is twice the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	20%	120.00	20%	20%	0%
Day 2	-10%	99.00	-1%	-20%	96.00	-4%	-2%	-2%
Day 3	10%	108.90	9%	20%	115.20	15%	18%	-3%
Day 4	-15%	92.57	-7%	-30%	80.64	-19%	-15%	-4%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.

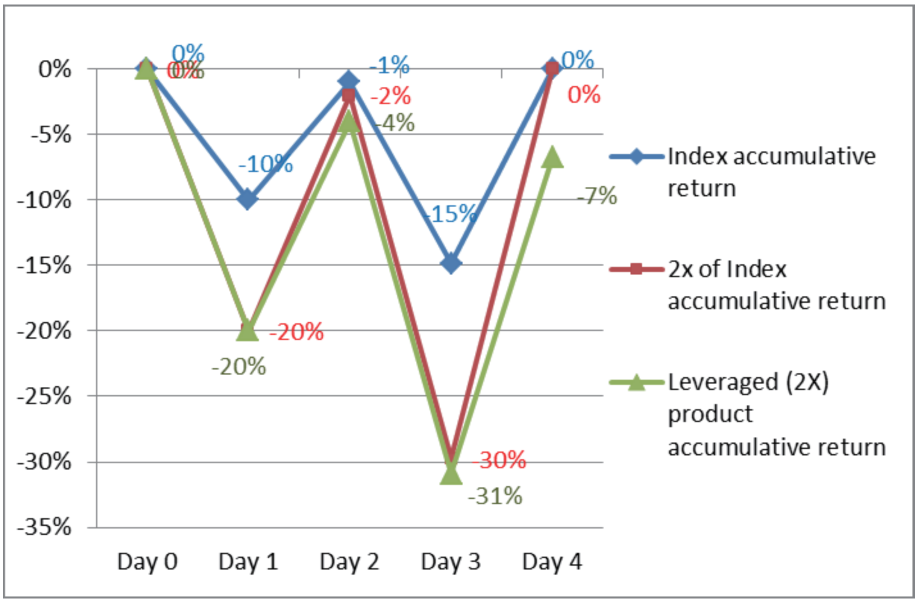


Scenario 5: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index accumulative return	Leveraged product Daily return	Leveraged product NAV	Leveraged product accumulative return	2x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	-20%	80.00	-20%	-20%	0%
Day 2	10%	99.00	-1%	20%	96.00	-4%	-2%	-2%
Day 3	-14%	85.14	-15%	-28%	69.12	-31%	-30%	-1%
Day 4	17%	100.00	0%	35%	93.24	-7%	0%	-7%

The chart below further illustrates the difference between (i) the Product's performance; (ii) twice the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables, the accumulative performance of the Product is not equal to twice the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the performance of the Index multiplied by two (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may not be twice the return of the Index and may be completely uncorrelated to the extent of change of the Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at http://www.csopasset.com/L_HSCEI, which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product tracks the leveraged performance of the Index, if observed on a Daily basis. However, due to path dependency of the Index and the Daily leveraged performance of the Index, when comparing the Index and the leveraged performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical leveraged performance of the Index will not be equal to the simple leveraged performance of the Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Index and the leveraged performance of the Index. *Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.*

	Index		**Product (Index with a leverage factor of two)**	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	+20.00%	120.00
Day 3	-9.09%	100.00	-18.18%	98.18

Assuming the Product tracks twice the performance of the Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of the Product will be twice of the Index. That is, the Net Asset Value of the Product will rise by 20.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will fall by 18.18% if the Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Index and closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple performance of the Index multiplied by two.

Index Licence Agreement

The licence of the Index commenced on 3 February 2017 and should continue until terminated by either the Manager or the Index Provider by giving the other party three months' prior written notice, or otherwise terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

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The Offering Phases

Initial Offer Period

The Initial Offer Period commences at 9:00 a.m. (Hong Kong time) on 10 March 2017 and ends at 4:00 p.m. (Hong Kong time) on 10 March 2017, or such other date as the Manager may determine.

The Listing Date is expected to be on 14 March 2017 but may be postponed by the Manager to a date no later than 13 April 2017.

The purpose of the Initial Offer Period is to enable Participating Dealers to subscribe for Units either on their own account or for their clients, in accordance with the Trust Deed and the Operating Guidelines. During this period, Participating Dealers (acting for themselves or for their clients) may apply for Units to be available for trading on the Listing Date by creation. No redemptions are permitted during the Initial Offer Period.

Upon receipt of a Creation Application from a Participating Dealer (acting for itself or its clients) during the Initial Offer Period, the Manager shall procure the creation of Units for settlement on the Initial Issue Date.

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus. Investors are therefore advised to consult with the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Units on their behalf.

After Listing

"After Listing" commences on the Listing Date and continues until the Trust is terminated.

Dealings in the Units on the SEHK will commence on the Listing Date, which is expected to be on 14 March 2017 but may be postponed by the Manager to a date no later than 13 April 2017.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market.

Please refer to the section on "The Offering Phases" for details. The following table summarises all key events and the Manager's expected timetable (all references to times are to Hong Kong time):

Initial Offer Period commences

• Participating Dealers may apply for creation for themselves or for their clients in Application Unit size	• 9:00 a.m. (Hong Kong time) on 10 March 2017 but may be postponed by the Manager to no later than 9:00 a.m. (Hong Kong time) 11 April 2017

The date that is two 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	• 4:00 p.m. (Hong Kong time) on 10 March 2017 but may be postponed by the Manager to no later than 4:00 p.m. (Hong Kong time) on 11 April 2017

After listing (period commences on the Listing Date)

● All investors may start trading Units on the SEHK through any designated brokers; and	● Commence at 9:30 a.m. (Hong Kong time) on 14 March 2017, but may be postponed by the Manager to a date no later than 13 April 2017
● Participating Dealers may apply for creation and redemption (for themselves or for their clients) in Application Unit size	● 8:00 a.m. (Hong Kong time) to 3:30 p.m. (Hong Kong time) on each Dealing Day

Exchange Listing and Trading (Secondary Market)

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

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 one or more other stock exchanges. Investors' attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Dealings on the SEHK in Units traded in HKD are expected to begin on 14 March 2017.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

Distribution Policy

The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the Product.

The Manager may, at its discretion, pay distributions out of capital. The Manager may also, at its discretion, pay distributions out of gross income while all or part of the fees and expenses of the Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of capital. Investors should note that payments of distributions 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 out of or effectively out of the Product's capital may result in an immediate reduction in the Net Asset Value per Unit and will reduce any capital appreciation for the Unitholders.

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/L_HSCEI.

The distribution policy may be amended subject to the SFC's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the base currency of the Product (i.e. HKD). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in HKD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/L_HSCEI and on HKEx's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx.

There can be no assurance that distributions will be paid.

Each Unitholder will receive distributions in HKD. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning 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.

Fees and Expenses

Management Fee

The Product pays a Management Fee as a single flat fee, currently at 0.99% per year of the Net Asset Value of the Product. Please refer to the section "Fees and Expenses" as to the fees and charges included in the Management Fee. The Management Fee is calculated as at each Dealing Day and payable monthly in HKD in arrears out of the Trust Fund.

The Management Fee may be increased up to 3% per year of the Net Asset Value of the Product, on one month's notice to Unitholders (or such shorter period as approved by the SFC). In the event that such fee is to be increased beyond this rate (which is the maximum rate set out in the Trust Deed), such increase will be subject to the Unitholders' and the SFC's approval.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its institutional rates.

Such institutional market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately HKD15 to HKD55 per Future Contract levied by the broker.

The above rates will amount to approximately 0.005%-0.01% per annum of the Net Asset Value and may increase to approximately 0.35% or more per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Risk Factors Specific to the Product

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable specifically to the Product.

Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss may be more than twice the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the leveraged performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance increases or is flat.

Leverage Risk

The Product will utilise leverage to achieve a Daily return equivalent to twice (2x) the return of the Index. Both gains and losses will be magnified. The risk of loss resulting from an investment in the Product in certain circumstances including a bear market will be substantially more than a fund that does not employ leverage.

Risk of Rebalancing Activities

There is no assurance that the Product can rebalance their portfolio on a Daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity Risk

The rebalancing activities of the Product typically take place near the end of trading of the underlying futures market to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Volatility risk

Prices of the Product may be more volatile than conventional ETFs because of the use of leverage and the daily rebalancing activities.

Intraday Investment Risk

The Product is normally rebalanced at the end of trading of the underlying futures market on a Business Day. As such, return for investors that invest for period less than a full Trading Day will generally be greater than or less than two times (2x) leveraged investment exposure to the Index, depending upon the movement of the Index from the end of one Trading Day until the time of purchase.

Portfolio Turnover Risk

Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

Investments in Futures Contracts exposes the Product to a liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Contango Risk

The process of rolling will subject the Product to contango risks. For example, a Futures Contract may specify a March expiration. As time passes, the Futures Contract expiring in March is replaced by a contract for expiry in April by selling the March contract and purchasing the April contract. Excluding other considerations, if the market for these Futures Contracts is in "contango", where the prices are higher in the distant expiry months than in the nearer expiry months, the sale of the March contract would take place at a price that is lower than the price of the April contract. Accordingly sale proceeds when rolling (selling and then buying the Futures Contracts) will not be sufficient to purchase the same number of Futures Contracts which have a higher price, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin Risk

Generally, most leveraged transactions, such as Futures Contracts, involve the posting of margin or collateral. Because of the low margin deposits or collateral normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. Like other leveraged investments, a futures transaction by the Product may result in losses in excess of the amount invested by the Product. Additional funds may need to be posted as margin or collateral to meet such calls based upon daily marking to market of Futures Contracts. Increases in the amount of margin or collateral or similar payments may result in the need for the Product to liquidate its investments at unfavourable prices in order to meet margin or collateral calls. This may result in substantial losses to Unitholders.

Futures Contracts Market Risks

Futures Contracts markets may be uncorrelated to traditional markets (such as equities markets) and are subject to greater risks than other markets. It is a feature of Futures Contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of Futures Contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments. In some cases, far-reaching political changes may result in constitutional and social tensions, instability and reaction against market reforms.

Clearing House's Failure Risk

In the event of the bankruptcy of the exchange's clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange's clearing house if the exchange's clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

Holding of HSCEI Futures Restriction in Number Risk

The current restriction in the Securities and Futures (Contracts Limits and Reportable Position) Rules (the "Rules") made under the SFO limits the holding by a person for his own account, or for another person but which he controls, of futures contracts or stock options contracts. As such, not only are the positions held or controlled by the Product subject to the prescribed position limit, the positions held or controlled by the Manager, including the positions held for the Manager's own account or for the funds under its management (such as the Product) but controlled by the Manager, may also not in aggregate exceed the relevant maximum. Accordingly, the Product's ability to acquire further HSCEI Futures may be affected by other futures/option contracts held or controlled by the Manager (including Mini-Hang Seng China Enterprises Index futures contracts, Hang Seng China Enterprises Index options contracts and positions held or controlled for other funds/ products). Because Unitholders will not themselves hold HSCEI Futures or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the Rules. Whilst the Manager does not anticipate that this will have any immediate effect on the Product, if the position held or controlled by the Manager reaches the relevant position limit or if the Net Asset Value of the Product grows significantly the restrictions under the Rules may prevent creations of Units due to the inability under the Rules of the Product to acquire further HSCEI Futures. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The investment exposure could also deviate from the target exposure which adds tracking error to the Product.

Regulatory Change Risk

The regulation of Futures Contracts, and futures transactions in general, is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any such regulatory changes on the Product is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the Product and what can be done, if anything, to try and limit such impact.

Index Constituents and Futures Contracts Price Limit Risk

The Product's investment objective is to provide investment results that closely correspond to twice (2x) the Daily performance of the Index. Although the Index is an equity index, the Product invests in HSCEI Futures. The HKEx has adopted a volatility control mechanism ("VCM") for securities including constituents of the Index. During the continuous trading session of the constituents of the Index, the VCM is triggered if the price of a security is deviated more than ±10% away from the last traded price 5 minutes ago, and a 5 minutes cooling-off period will start. During the cooling off period, trading is allowed within a fixed price band (±10% of the last trading price). There will be a maximum of one VCM trigger in each trading session (morning session and afternoon session are counted as two separate trading sessions).

VCM also applies to the HSCEI Futures. If there is an attempt to trade a HSCEI Future at a price more than 5% away from its last traded price 5 minutes ago, it will trigger a 5-minute cooling-off period where trading of the HSCEI Futures can still continue but within a band (±5% of the last trading price). Normal trading without restriction will resume after the cooling-off period.

As a result, the price movement of the Index may be greater than the HSCEI Futures'price movement. If the VCM cooling-off period is triggered at or around the close of trading of the underlying futures market on any Business Day, this may result in imperfect Daily rebalancing of the Product.

Trading Hours Difference Risk

The HKFE and the SEHK have different trading hours. As the HKFE may be open when Units in the Product are not priced, the value of the HSCEI Futures in the Product's portfolio may change on days when investors will not be able to purchase or sell the Product's Units. Difference in trading hours between the HKFE and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.

Trading of the Index constituents closes earlier than trading of the HSCEI Futures so there may continue to be price movements for the HSCEI Futures when Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and the HSCEI Futures, which may prevent the Product from achieving its investment objective.

Leveraged Performance of Index

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than leveraged performance of an index. Should the value of the underlying Securities of the Index decrease, the use of a leverage factor of 2 in the Product will trigger an accelerated decrease in the value of the Product's Net Asset Value compared to the Index (which has a leverage factor of 1, i.e. no leverage). As such, Unitholders could, in certain circumstances including a bear market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with leverage and Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily leveraged results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the leveraged performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking a leveraged position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily leveraged performance of the Index over a certain period may not be twice the point-to-point performance of the Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Index. Please refer to the section "Explanation on Path Dependency" above.

Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, may deviate from the leveraged performance of the Index.

Concentration and Mainland China Market Risk

The Product is subject to concentration risks as a result of tracking the leveraged performance of H-share companies. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments.

The Index constituents are companies incorporated in mainland China which are listed on the SEHK and primarily traded in Hong Kong, and have substantial business exposure to mainland China, an emerging market. Investments of the Product may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks,custody risk and the likelihood of a high degree of volatility.

Suspension of Creation Risk

There can be no assurance that there are sufficient HSCEI Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product 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 illiquidity of the HSCEI Futures, and delay or disruption in execution of trades or in settlement of trades.

Investment in Other Funds Risk

As part of the Product's investment strategy, the Manager may invest in other investment products such as SFC authorised money market funds. Although such funds will be regulated in Hong Kong, the Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. In particular, as an investor in such funds, the Product will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the Product to the Manager.

Distributions Out Of or Effectively Out Of Capital Risk

The Manager may, at its discretion make distributions out of capital. The Manager may also, at its discretion, make distributions out of gross income while all or part of the fees and expenses of a Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of the capital. Payment of distributions 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 distributions out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset Value per Unit. The Manager may amend its distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Appendix dated 10 March 2017

APPENDIX 6: CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT

Key Information

Set out below is a summary of key information in respect of the CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product (the "Product") which should be read together with the full text of this Appendix and the Prospectus.

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the Daily performance of the Index
Index	Hang Seng China Enterprises Index (the "Index")
Initial Offer Period	9:00 a.m. (Hong Kong time) of 10 March 2017 to 4:00 p.m. (Hong Kong time) of 10 March 2017, or such other date as the Manager may determine
Initial Issue Date	13 March 2017, or such other date as the Manager may determine
Issue Price during the Initial Offer Period	HKD7.2
Listing Date (SEHK)	Expected to be 14 March 2017, but may be postponed by the Manager to a date no later than 13 April 2017
Exchange Listing	SEHK – Main Board
Stock Code	07388
Short Stock Name	FI CSOP HSCEI
Trading Board Lot Size	100 Units
Base Currency	HKD
Trading Currency	HKD
Distribution Policy	The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs. Further, the Manager may, at its discretion, pay distributions out of capital or out of gross income while all or part of the fees and expenses are charged to capital, resulting in an increase in distributable income for the payment of distributions and therefore, distributions may be paid effectively out of capital. All Units will receive distributions in the base currency (HKD) only.
Creation/Redemption Policy	Cash (HKD) only

Application Unit Size (only by or through Participating Dealers)	Minimum 800,000 Units (or multiples thereof)
Dealing Deadline	3:30 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of the Trustee) may determine
Ongoing Charges over a year# (Annual Average Daily Ongoing Charges*):	Estimated to be 1.28% (0.005%)
Management Fee	Currently 0.99% per year of the Net Asset Value
Financial Year End	31 December
Website	http://www.csopasset.com/I_HSCEI

What is the Investment Objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) of the Daily performance of the Index. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day.**

What is the Investment Strategy?

To achieve the investment objective of the Product, the Manager will adopt a futures-based replication strategy through investing directly in the spot month futures contracts on the Index ("HSCEI Futures") subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

The investment strategy of the Product is subject to the investment and borrowing restrictions set out in Part 1 of this Prospectus.

In entering the spot month HSCEI Futures, the Manager anticipates that no more than 15% of the Net Asset Value of the Product from time to time will be used as margin to acquire the HSCEI Futures. Under exceptional circumstances (e.g. increased margin requirement by the exchange in extreme market turbulence), the margin requirement may increase substantially.

Not less than 85% of the Net Asset Value (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and HKD denominated investment-grade bonds

\# *This is indicative only because the Product is newly established. It represents estimated ongoing expenses chargeable to the Product as a percentage of the estimated average Net Asset Value of the Product. The actual figure may be different from the estimated figure and may vary from year to year. This figure does not represent the estimated tracking error.*

* *This is indicative only because the Product is newly established. It is equal to the estimated ongoing charges figure over the first year of listing divided by the anticipated number of dealing days during that year. The actual figure may be different from the estimated figure and may vary from year to year.*

and SFC authorised money market funds in accordance with the requirements of the Code. Yield in HKD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to the Unitholders in HKD.

Other than HSCEI Futures, the Manager has no intention to invest the Product in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

The Product's global exposure to financial derivative instruments will not exceed -100% of its Net Asset Value (i) at the time of Daily rebalancing of the Product; and (ii) between each Daily rebalancing, unless due to market movements. For the calculation of global exposure, the commitment approach will be used, whereby the derivative positions are converted into the equivalent positions in the underlying assets embedded in those derivatives, i.e. the constituents of the Index, taking into account the prevailing value of the underlying assets, the counterparty risk, future market movements and time available to liquidate the positions.

Daily rebalancing of the Product

The Product will rebalance its position on a day when the HKFE and the SEHK are open for trading (i.e. a Business Day). On such days the Product will seek to rebalance its portfolio at or around the close of trading of the underlying futures market, by decreasing exposure in response to the Index's Daily gains or increasing exposure in response to the Index's Daily losses, so that its Daily inverse exposure ratio to the Index is consistent with the Product's investment objective.

The table below illustrates how the Product as an inverse product will rebalance its position following the movement of the Index by the end of trading of the underlying futures market. Assuming that the initial Net Asset Value of the Product is 100 on day 0, the Product will need to have a futures exposure of -100 to meet the objective of the Product. If the Index decreases by 10% during the day, the Net Asset Value of the Product would have increased to 110, making the futures exposure of the Product -90. As the Product needs a futures exposure of -110, which is -1x the Product's Net Asset Value at closing, the Product will need to rebalance its position by an additional -20. Day 1 illustrates the rebalancing requirements if the Index increases by 5% on the subsequent day.

		Calculation	**Day 0**	**Day 1**	**Day 2**
(a)	Initial Product NAV		100	110	104.5
(b)	Initial futures exposure	(b) = (a) × -1	-100	-110	-104.5
(c)	Daily Index change (%)		-10%	5%	-5%
(d)	Profit / loss on futures	(d) = (b) × (c)	10	-5.5	5.225
(e)	Closing Product NAV	(e) = (a) + (d)	110	104.5	109.725
(f)	Futures exposure	(f) = (b) × (1+(c))	-90	-115.5	-99.275
(g)	Target futures exposure to maintain inverse ratio	(g) = (e) × -1	-110	-104.5	-109.73
(h)	**Required rebalancing amounts**	**(h) = (g) – (f)**	**-20**	**11**	**-10.45**

The above figures are calculated before fees and expenses.

Futures roll

As the Index is not a futures index, the Product does not follow any predetermined roll-over schedule. The Manager will use its discretion to carry out the roll-over of the spot month HSCEI Futures into next month HSCEI Futures with the goal that, by one Business Day before the last trading day of the spot month HSCEI Futures, all roll-over activities would have occurred.

What are HSCEI Futures?

HSCEI Futures are Futures Contracts on the Hang Seng China Enterprises Index traded on the HKFE.

The HSCEI Futures are leveraged because they are traded on a margin basis. The margin to carry an open position is generally a small percentage (6%-15%) of their value. The HSCEI Futures are registered, cleared and guaranteed by the HKFE Clearing Corporation Limited ("HKCC"), a subsidiary of HKEx. HKCC acts as the counterparty to all open contracts, which effectively eliminates counterparty risks between HKCC participants.

The key specifications of the HSCEI Futures are as follows:

Underlying index	Hang Seng China Enterprises Index
Exchange	HKFE
Trading hours	9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:30 p.m. (afternoon trading session) 5:15 p.m. – 11:45 p.m. (after-hours trading session) *Note: the period during which the HKFE is open for normal trading may be reduced as a result of a Number 8 Typhoon Signal or Black Rainstorm warning.* There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. – 12:30 p.m. There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States. Expiring contract month closes at 4:00 pm on the last trading day. There shall be no afternoon or after-hours trading session if the last trading day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve.
Contract months	Spot Month, the next calendar month, and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)

Last trading day	The business day immediately preceding the last business day of the contract month
Contract size	HKD50 x Hang Seng China Enterprises Index
Tick size	1 point, representing a value of HKD50
Contract value (as at 22 February 2017)	HKD526,650 (Contract month of February 2017)
Margin (as at 22 February 2017)	● Initial margin: HKD30,450 ● Maintenance margin: HKD24,350
Settlement method	Cash settlement
Final settlement price	The average of quotations taken at (i) five minute intervals from five minutes after the start of, and up to five minutes before the end of, the continuous trading session of SEHK; and (ii) the close of trading on SEHK on the last trading day.
Position limit	12,000 position delta for long or short (on a net basis) combined in all contract months. The position limit applies to a person such as the Manager, i.e. the Manager cannot hold or control HSCEI Futures over this limit.
Large Open Positions	The Securities and Futures (Contracts Limits and Reportable Position) Rules requires a person holding or controlling a reportable position (or a "large open position") of HSCEI Futures to notify the HKFE of that reportable position in writing. The large open position is as follows: ● 500 open contracts, in any one contract month, per exchange participant for the exchange participant's own behalf; and ● 500 open contracts, in any one contract month, per client
Volatility Control Mechanism (VCM)	A price limit VCM model is implemented for the HSCEI Futures market, under which a cooling-off period will be triggered by abrupt price volatility detected at the instrument level: ● The VCM is triggered and a 5-minute cooling-off period will start if the price of a HSCEI Futures Contract deviates by more than 5% from the last traded price 5 minutes ago (the "VCM Reference Price").

- During the 5-minute cooling-off period, trading for the HSCEI Futures Contracts will continue within a fixed price band (±5% from the VCM Reference Price).
- Normal trading without restriction will resume after the cooling-off period.

For more information, please refer to "H-shares Index Futures & Options" under "Products & Services > Derivatives Products" on the HKEx website (the contents of which has not been reviewed by the SFC).

Futures liquidity

As of 22 February 2017, the daily average volume and open interest of the spot month (February 2017) HSCEI Futures for the year of 2017 are 74,434 and 228,758 respectively. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as an inverse product tracking the Index.

Waiver of Investment Restriction

The Manager expects that for HSCEI Futures, the applicable margin requirement will be higher than 7% (with a historical high level of 42%), the Manager has applied to the SFC, and the SFC has granted, a waiver in respect of the Product from the requirement under Chapter 8.4A(e) of the Code that the Product may not hold open positions in any Futures Contracts month for which the combined margin requirement represents 5% or more of the Net Asset Value of the Product. The purpose of the waiver is to enable the Manager in respect of the Product to pursue a futures-based, inverse replication strategy with regards to holdings of HSCEI Futures which it otherwise would not be able to do. This enables the Manager to reduce the Product's tracking error.

In granting this waiver, the SFC has imposed the conditions on the Product that:

(a) the global exposure of the Product to financial derivative instruments will not exceed -100% of its Net Asset Value, (i) at the time of Daily rebalancing of the Product and (ii) between each Daily rebalancing, unless due to market movements;

(b) in calculating the Product's global exposure to financial derivative instruments under (a) above, the commitment approach shall be used, whereby the derivative positions of the Product are converted into the equivalent positions in the underlying assets embedded in those derivatives, taking into account the prevailing value of the underlying assets, i.e. the constituents of the Index, the counterparty risk, future market movements and the time available to liquidate the positions; and

(c) the assets of the Product will not be used as margin for any financial derivative instruments other than as margin for HSCEI Futures, or such other financial derivative instruments as may be agreed by the SFC, in accordance with the prevailing margin requirements set by the exchange and/or the executing agents.

Borrowing policy and restriction

Borrowing against the assets of the Product is allowed up to a maximum of 10% of its latest available Net Asset Value, only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

The Index

This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As at the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.

General Information on the Index

The Hang Seng China Enterprises Index (the "Index") serves as a benchmark that reflects the performance of the largest and most liquid H-shares companies listed in Hong Kong. The Index adopts a freefloat-adjusted market capitalisation weighted methodology, with a 10% cap on individual constituent weightings. The Index is a price return index without adjustments for cash dividends or warrant bonuses.

As at 22 February 2017, it comprised 40 constituent stocks with total market capitalisation of approximately HKD4,711 billion.

The Index was launched on 8 August 1994 and had a base level of 2000 on 3 January 2000.

The Index is denominated in HKD.

Index Provider

The Index is compiled and managed by Hang Seng Indexes Company Limited ("HSIL"), a wholly-owned subsidiary of Hang Seng Bank Limited.

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

The Index is calculated on a 2-second basis during trading hours of the SEHK and its closing value is based on the official closing prices of stocks announced by the SEHK.

Index Methodology

Only H-share securities with a primary listing on the Main Board of the SEHK are eligible potential constituents.

Constituent Eligibility

The universe of stocks (the "Universe") for the Index includes all H-share companies primarily listed on the Main Board of the SEHK, excluding stocks that are secondary listings, foreign companies, preference shares, debt securities, mutual funds and other derivatives.

A security is eligible for constituent selection if it fulfils the following eligibility criteria:

(a) *Listing history requirement*

Stocks should have been listed for at least one month, starting from the listing date to the review cut-off date (both dates inclusive), in order to be considered in the index review.

(b) *Turnover requirement*

For each stock, its turnover velocity in each of the past 12 months is calculated using the following formula:

$$\text{Turnover velocity} = \frac{\text{Median of daily traded shares in specific calendar month}}{\text{Freefloat-adjusted issued shares at month end}}$$

Turnover velocity of a new constituent entering the Index must meet the minimum requirement for at least 10 out of the past 12 months and for all of the latest three months. Turnover velocity of an existing constituent of the Index must meet the minimum requirement for at least 10 out of the past 12 months.

Then, all eligible stocks are ranked by each of the following:

i. Full market capitalisation, in terms of average month-end market capitalisation in the past 12 months.

ii. Freefloat-adjusted market capitalisation, in terms of 12-month average market capitalisation after freefloat adjustment.

iii. Average of the past month-end market capitalisation will be used for stocks with a listing history of less than 12 months.

A combined market capitalisation ranking is calculated for each stock based on the following formula:

$$\begin{array}{c} \text{Combined Market} \\ \text{Capitalisation Ranking} \end{array} = \begin{array}{c} \text{50\% of Full Market} \\ \text{Capitalisation} \end{array} + \begin{array}{c} \text{50\% of} \\ \text{Freefloat-adjusted} \\ \text{Market Capitalisation} \end{array}$$

The 40 stocks that have the highest combined market capitalisation ranking will be selected as constituents of the Index.

A freefloat-adjusted market capitalisation weighted methodology with a cap of 10% on each constituent weighting is adopted for the Index calculation.

Index Reviews

HSIL undertakes regular quarterly reviews of the index constituents with data cut-off dates of end of March, June, September and December each year. In each review, there may or may not be constituent additions or deletions.

Index Rebalancing

Regular rebalancing is usually implemented after market close on the first Friday in March, June, September and December, and comes into effect on the next trading day.

Ad hoc rebalancing will be conducted if a constituent's issued shares and/or FAF is substantially different from the production data. The Index will also be recapped in the event of constituent changes if the newly added component has a weighting that is higher than the index cap level. A minimum notice period of two trading days will be given to subscribers of data products issued by HSIL for any ad hoc rebalance.

Please refer to the Index Operation Guide (available on the website of HSIL) for further details about corporate actions adjustments and index rebalancing.

Top 10 Constituents

As at 22 February 2017, the 10 largest constituent stocks of the Index as listed below, represented 64.54% of the Index:

Rank	Constituent Name	Weighting (%)
1.	Bank of China Ltd	10.71
2.	China Construction Bank Corp	10.35
3.	ICBC	10.13
4.	Ping An Insurance Group Co of China Ltd	7.89
5.	China Life Insurance Co Ltd	6.51
6.	China Petroleum & Chemical Corp	5.64
7.	PetroChina Co Ltd	4.66
8.	Agricultural Bank of China Ltd	3.19
9.	China Merchants Bank Co Ltd	2.98
10.	China Pacific Insurance Group Co Ltd	2.47

You can obtain the most updated list of the constituents of the Index and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.hsi.com.hk (the contents of which have not been reviewed by the SFC).

Index Code

Bloomberg Code: HSCEI
Reuters Code: .HSCE

Comparison between the Index and the inverse performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance)

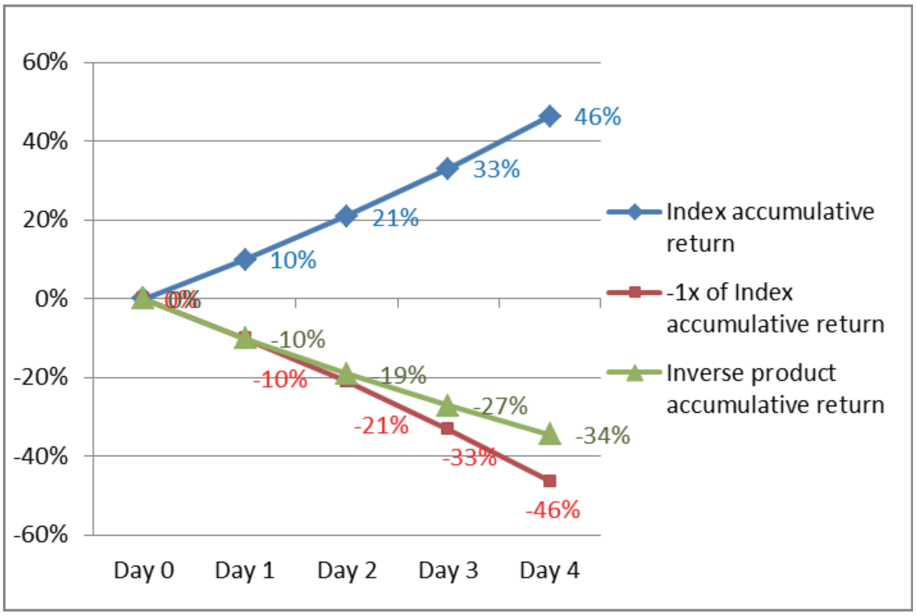
The Product's objective is to provide returns which are of a predetermined inverse factor (-1x) of the Daily performance of the Index. As such, the Product's performance may not track -1x the accumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by -100% generally will not equal -100% of the Product's performance over that same period. It is also expected that the Product will underperform the return of -100% of the Index in a trendless or flat market. This is caused by compounding, which is the accumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. The following scenarios illustrate how the Product's performance may deviate from that of the accumulative Index return (-1x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical $100 investment in the Product.

Scenario 1: Upward trending market

In a continuous upward trend, where the Index rises steadily for more than 1 Business Day, the Product's accumulated loss will be less than -1x the accumulative Index gain. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index grows by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated loss of 34%, compared with a 46% loss which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	-10%	90.00	-10%	-10%	0%
Day 2	10%	121.00	21%	-10%	81.00	-19%	-21%	2%
Day 3	10%	133.10	33%	-10%	72.90	-27%	-33%	6%
Day 4	10%	146.41	46%	-10%	65.61	-34%	-46%	12%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a continuous upward market trend over a period greater than 1 Business Day.

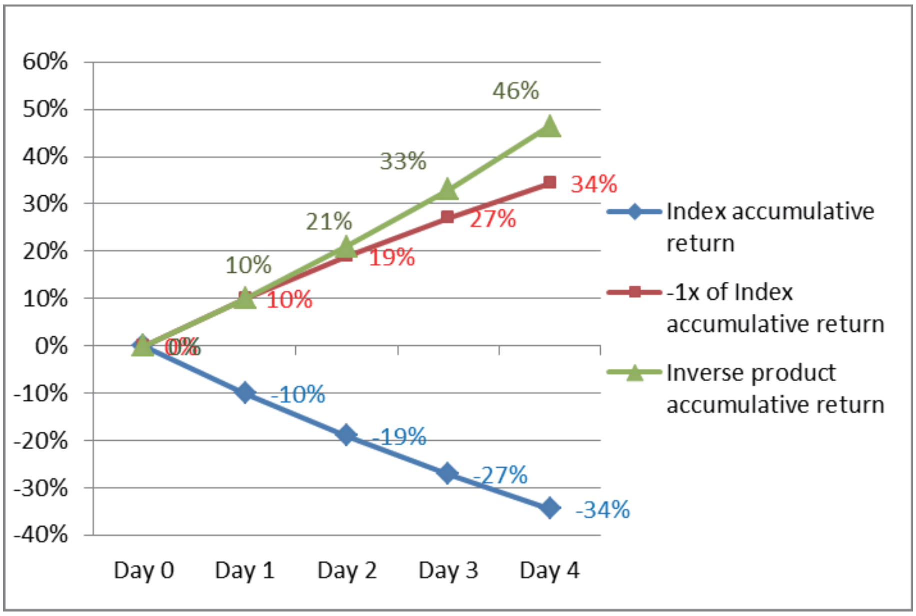


Scenario 2: Downward trending market

In a continuous downward trend, where the Index falls steadily for more than 1 Business Day, the Product's accumulated gains will be greater than -1x the accumulative Index return. As illustrated in the scenario below, where an investor has invested in the Product on day 0 and the Index falls by 10% daily for 4 Business Days, by day 4 the Product would have an accumulated gain of 46%, compared with a 34% gain which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	10%	110.00	10%	10%	0%
Day 2	-10%	81.00	-19%	10%	121.00	21%	19%	2%
Day 3	-10%	72.90	-27%	10%	133.10	33%	27%	6%
Day 4	-10%	65.61	-34%	10%	146.41	46%	34%	12%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a continuous downward market trend over a period greater than 1 Business Day.

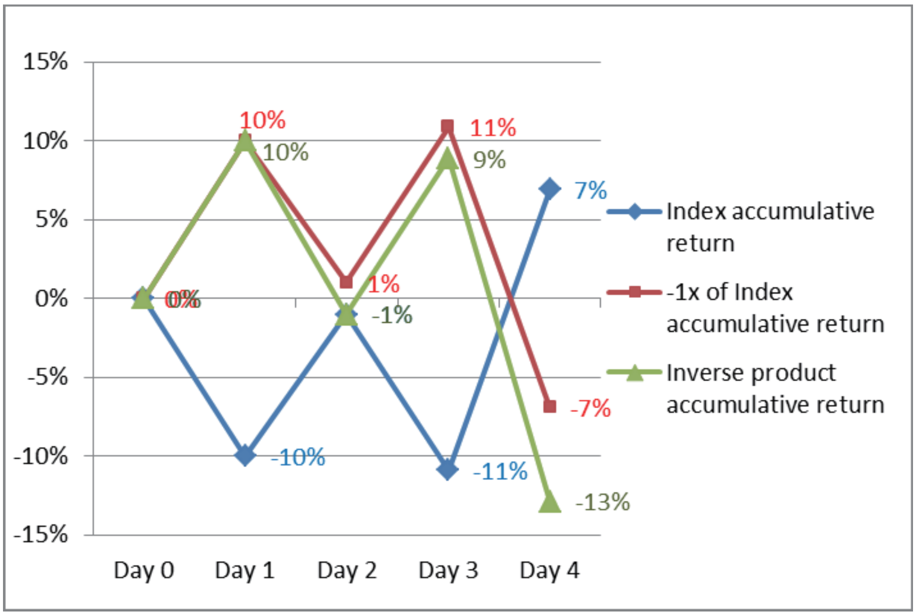


Scenario 3: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the accumulative Index return. As illustrated in the scenario below, where the Index grows by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 13%, compared with a 7% loss which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	10%	110.00	10%	10%	0%
Day 2	10%	99.00	-1%	-10%	99.00	-1%	1%	-2%
Day 3	-10%	89.10	-11%	10%	108.90	9%	11%	-2%
Day 4	20%	106.92	7%	-20%	87.12	-13%	-7%	-6%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile upward market trend over a period greater than 1 Business Day.

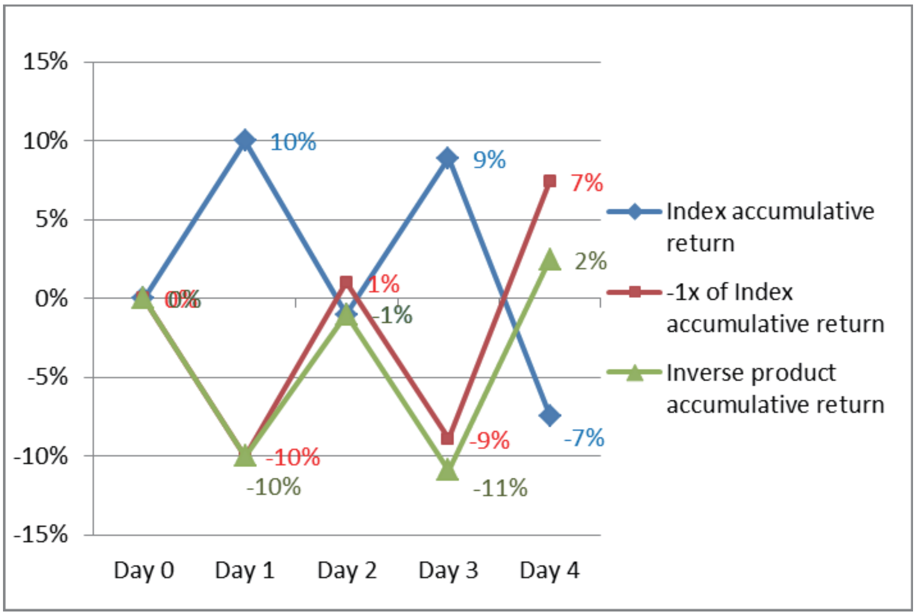


Scenario 4: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the accumulative Index return. As illustrated in the scenario below, where the Index falls by 7% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 2%, compared with a 7% gain which is -1x the accumulative Index return.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	10%	110.00	10%	-10%	90.00	-10%	-10%	0%
Day 2	-10%	99.00	-1%	10%	99.00	-1%	1%	-2%
Day 3	10%	108.90	9%	-10%	89.10	-11%	-9%	-2%
Day 4	-15%	92.57	-7%	15%	102.47	2%	7%	-5%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile downward market trend over a period greater than 1 Business Day.

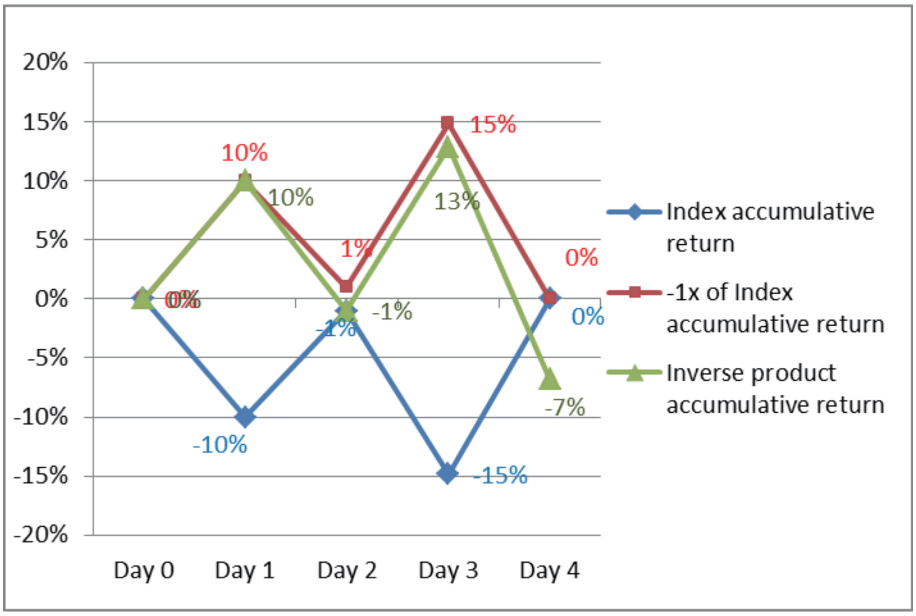


Scenario 5: Volatile market with flat index performance

In a volatile market with flat index performance, the aforementioned compounding can have an adverse effect on the performance of the Product. As illustrated below, even if the Index has returned to its previous level, the Product may lose value.

	Index Daily return	Index level	Index accumulative return	Inverse product Daily return	Inverse product NAV	Inverse product accumulative return	-1x of Index accumulative return	Difference
Day 0		100.00			100.00			
Day 1	-10%	90.00	-10%	10%	110.00	10%	10%	0%
Day 2	10%	99.00	-1%	-10%	99.00	-1%	1%	-2%
Day 3	-14%	85.14	-15%	14%	112.86	13%	15%	-2%
Day 4	17%	100.00	0%	-17%	93.17	-7%	0%	-7%

The chart below further illustrates the difference between (i) the Product's performance; (ii) -1x the accumulative Index return and (iii) accumulative Index return, in a volatile market with flat index performance over a period greater than 1 Business Day.



As illustrated in the graphs and the tables, the accumulative performance of the Product is not "symmetrical" to the accumulative performance of the Index over a period longer than 1 Business Day.

Investors should note that due to the effect of "path dependency" (as explained below) and compounding of the Daily returns of the Index, the inverse performance of the Index (and as a result the performance of the Product before deduction of fees and expenses) for periods longer than a single day, especially in periods of market volatility which has a negative impact on the accumulative return of the Product, may be completely uncorrelated to the extent of change of the Index over the same period.

For further illustration of the Product's performance under different market conditions, investors may access the "performance simulator" on the Product's website at http://www.csopasset.com/I_HSCEI, which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on Path Dependency

As explained above, the Product tracks the inverse performance of the Index, if observed on a Daily basis. However, due to path dependency of the Index and the Daily inverse performance of the Index, when comparing the Index and the inverse performance of the Index for a period longer than one day (i.e. comparison of the point-to-point performance), the historical inverse performance of the Index will not be equal to the simple inverse performance of the Index over the same period of time.

Below is an example which illustrates the "path dependency" of the Index and the inverse performance of the Index. *Please note that figures used are for illustration purposes only and are not indicative of the actual return likely to be achieved.*

	Index		**Product (Inverse of the Index)**	
	Daily movement (in %)	**Closing level**	**Daily movement (in %)**	**Closing NAV**
Day 1		100.00		100.00
Day 2	+10.00%	110.00	-10.00%	90.00
Day 3	-9.09%	100.00	+9.09%	98.18

Assuming the Product tracks the inverse performance of the Index perfectly on a Daily basis, the absolute percentage change in the Daily movement of both the Index the Product will be the same. That is, the Net Asset Value of the Product will fall by 10.00% if the Index rises by 10.00%, and the Net Asset Value of the Product will rise by 9.09% if the Index falls by 9.09%. On the basis of such Daily movements, the respective closing levels of the Index and the closing Net Asset Value of the Product are as set out in the example above.

On day 3, the closing level of the Index is 100 which is the same as its closing level on day 1 but the closing Net Asset Value of the Product is 98.18 which is lower than its closing Net Asset Value on day 1. Hence, when comparing the performance of the Index and the Product from day 1 to day 3, it is clear that the performance of the Product is not a simple inverse performance of the Index.

Index Licence Agreement

The licence of the Index commenced on 3 February 2017 and should continue until terminated by either the Manager or the Index Provider by giving the other party three months' prior written notice, or otherwise terminated in accordance with the provisions of the licence agreement.

Index Disclaimer

The Hang Seng China Enterprises Index is published and compiled by HSIL pursuant to a licence from Hang Seng Data Services Limited ("HSDS"). The mark and name "Hang Seng China Enterprises Index" is proprietary to HSDS. HSIL and HSDS have agreed to the use of, and reference to, the Hang Seng China Enterprises Index by the Manager and the Trustee and their respective duly appointed agents in connection with CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product, BUT NEITHER HSIL NOR HSDS WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE HANG SENG CHINA ENTERPRISES INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE HANG SENG CHINA ENTERPRISES INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE HANG SENG CHINA ENTERPRISES INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE HANG SENG CHINA ENTERPRISES INDEX IS GIVEN OR MAY BE IMPLIED. The process and basis of computation and compilation of the Hang Seng China Enterprises Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice. TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HSIL OR HSDS (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE HANG SENG CHINA ENTERPRISES INDEX BY THE MANAGER IN CONNECTION WITH CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1X) INVERSE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HSIL IN THE COMPUTATION OF THE HANG SENG CHINA ENTERPRISES INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE HANG SENG CHINA ENTERPRISES INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1x) INVERSE PRODUCT OR ANY OTHER PERSON DEALING WITH CSOP HANG SENG CHINA ENTERPRISES INDEX DAILY (-1x) INVERSE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HSIL AND/OR HSDS in connection with CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product in any manner whatsoever by any broker, holder or any other person dealing with CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product. Any broker, holder or other person dealing with CSOP Hang Seng China Enterprises Index Daily (-1x) Inverse Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on HSIL and HSDS. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and HSIL and/or HSDS and must not be construed to have created such relationship.

The Offering Phases

Initial Offer Period

The Initial Offer Period commences at 9:00 a.m. (Hong Kong time) on 10 March 2017 and ends at 4:00 p.m. (Hong Kong time) on 10 March 2017, or such other date as the Manager may determine.

The Listing Date is expected to be on 14 March 2017 but may be postponed by the Manager to a date no later than 13 April 2017.

The purpose of the Initial Offer Period is to enable Participating Dealers to subscribe for Units either on their own account or for their clients, in accordance with the Trust Deed and the Operating Guidelines. During this period, Participating Dealers (acting for themselves or for their clients) may apply for Units to be available for trading on the Listing Date by creation. No redemptions are permitted during the Initial Offer Period.

Upon receipt of a Creation Application from a Participating Dealer (acting for itself or its clients) during the Initial Offer Period, the Manager shall procure the creation of Units for settlement on the Initial Issue Date.

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus. Investors are therefore advised to consult with the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Units on their behalf.

After Listing

"After Listing" commences on the Listing Date and continues until the Trust is terminated.

Dealings in the Units on the SEHK will commence on the Listing Date, which is expected to be on 14 March 2017 but may be postponed by the Manager to a date no later than 13 April 2017.

All investors may buy and sell Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Units in the primary market.

Please refer to the section on "The Offering Phases" for details. The following table summarises all key events and the Manager's expected timetable (all references to times are to Hong Kong time):

Initial Offer Period commences	
● Participating Dealers may apply for creation for themselves or for their clients in Application Unit size	● 9:00 a.m. (Hong Kong time) on 10 March 2017 but may be postponed by the Manager to no later than 9:00 a.m. (Hong Kong time) 11 April 2017
The date that is two 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	● 4:00 p.m. (Hong Kong time) on 10 March 2017 but may be postponed by the Manager to no later than 4:00 p.m. (Hong Kong time) on 11 April 2017

After listing (period commences on the Listing Date)	
• All investors may start trading Units on the SEHK through any designated brokers; and	• Commence at 9:30 a.m. (Hong Kong time) on 14 March 2017, but may be postponed by the Manager to a date no later than 13 April 2017
• Participating Dealers may apply for creation and redemption (for themselves or for their clients) in Application Unit size	• 8:00 a.m. (Hong Kong time) to 3:30 p.m. (Hong Kong time) on each Dealing Day

Exchange Listing and Trading (Secondary Market)

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

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 one or more other stock exchanges. Investors' attention is drawn to the section entitled "Exchange Listing and Trading (Secondary Market)" in Part 1 of this Prospectus for further information.

Dealings on the SEHK in Units traded in HKD are expected to begin on 14 March 2017.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Units on the SEHK until dealings begin on the SEHK.

Distribution Policy

The Manager intends to distribute income to Unitholders annually (in December) having regard to the Product's net income after fees and costs.

The Manager will also have the discretion to determine if and to what extent distributions (whether directly or effectively) will be paid out of capital of the Product.

The Manager may, at its discretion, pay distributions out of capital. The Manager may also, at its discretion, pay distributions out of gross income while all or part of the fees and expenses of the Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of capital. Investors should note that payments of distributions 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 out of or effectively out of the Product's capital may result in an immediate reduction in the Net Asset Value per Unit and will reduce any capital appreciation for the Unitholders.

The composition of the distributions (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months are available by the Manager on request and also on the Manager's website http://www.csopasset.com/I_HSCEI.

The distribution policy may be amended subject to the SFC's prior approval and upon giving not less than one month's prior notice to Unitholders.

Distributions (if declared) will be declared in the base currency of the Product (i.e. HKD). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in HKD only. The details of the distribution declaration dates, distribution amounts and ex-dividend payment dates will be published on the Manager's website http://www.csopasset.com/I_HSCEI and on HKEx's website http://www.hkexnews.hk/listedco/listconews/advancedsearch/search_active_main.aspx.

There can be no assurance that distributions will be paid.

Each Unitholder will receive distributions in HKD. Unitholders are advised to check with their brokers/intermediaries on the arrangements concerning 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.

Fees and Expenses

Management Fee

The Product pays a Management Fee as a single flat fee, currently at 0.99% per year of the Net Asset Value of the Product. Please refer to the section "Fees and Expenses" as to the fees and charges included in the Management Fee. The Management Fee is calculated as at each Dealing Day and payable monthly in HKD in arrears out of the Trust Fund.

The Management Fee may be increased up to 3% per year of the Net Asset Value of the Product, on one month's notice to Unitholders (or such shorter period as approved by the SFC). In the event that such fee is to be increased beyond this rate (which is the maximum rate set out in the Trust Deed), such increase will be subject to the Unitholders' and the SFC's approval.

Brokerage Rates

The Product shall bear all costs and brokerage commissions associated with trading transactions through its broker account. Brokerage fees will be charged by a broker at its institutional rates.

Such institutional market rates vary with the contract and the market on which the contract is traded. The rates comprise of two elements: (a) charges incurred in executing a trade such as floor brokerage, exchange-clearing, execution fees and related expenses; and (b) a charge of approximately HKD15 to HKD55 per Future Contract levied by the broker.

The above rates will amount to approximately 0.005%-0.01% per annum of the Net Asset Value and may increase to approximately 0.35% or more per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Commission is only charged once for each transaction in Futures Contracts.

Risk Factors Specific to the Product

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable specifically to the Product.

Long Term Holding Risk

The Product is not intended for holding longer than one day as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Index over that same period (e.g. the loss may be more than -1 time the fall in the Index). The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. The deviation of the Product's performance from the inverse performance of the Index will increase, and the performance of the Product will generally be adversely affected with higher Index volatility. As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance falls or is flat.

Inverse Product vs. Short Selling Risk

Investing in the Product is different from taking a short position. Because of rebalancing the return profile of the Product is not the same as that of a short position. In a volatile market with frequent directional swings, the performance of the Product may deviate from a short position.

Unconventional Return Pattern Risk

Risk investment outcome of the Product is the opposite of conventional investment funds. If the value of the Index increases for extended periods, the Product will likely to lose most or all of its value.

Risk of Rebalancing Activities

There is no assurance that the Product can rebalance their portfolio on a Daily basis to achieve their investment objectives. Market disruption, regulatory restrictions or extreme market volatility may adversely affect the Product's ability to rebalance its portfolio.

Liquidity Risk

The rebalancing activities of the Product typically take place near the end of trading of the underlying futures market, to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Volatility risk

Prices of the Product may be more volatile than conventional ETFs because of the daily rebalancing activities.

Intraday Investment Risk

The Product is normally rebalanced at the end of trading of the underlying futures market on a Business Day. As such, return for investors that invest for period less than a full Trading Day will generally be greater than or less than the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one Trading Day until the time of purchase.

Portfolio Turnover Risk

Daily rebalancing of Product's holdings causes a higher level of portfolio transactions than compared to the conventional exchange traded funds. High levels of transactions increase brokerage and other transaction costs.

Risks Associated with Investment in Futures Contracts

Rolling of Futures Contracts Risk

Investments in Futures Contracts exposes the Product to a liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures Contract is about to expire and is replaced with a Futures Contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the Futures Contracts approach expiry. The change in price of a Futures Contract may reflect many factors such as perceived economic changes or political circumstances as well as increased demand.

Backwardation Risk

The process of rolling will subject the Product to backwardation risks. For example, a Futures Contract may specify a March expiration. As time passes, the Futures Contract expiring in March is replaced by a contract for expiry in April by buying the March contract and entering into a short position of the April contract. Excluding other considerations, if the market for these contracts is in "backwardation", where the prices are lower in the distant expiry months than in the nearer expiry months, the closing of the March short position would take place at a price that is higher than the price of the April contract. Accordingly the closing out of the March short position when rolling (buying and then selling the Futures Contracts) would take place at a price that is higher than the price of the April contract, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin Risk

Generally investment in Futures Contracts involves the posting of margin or collateral. Because of the low margin deposits or collateral normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a Futures Contract may result in a proportionally high impact and substantial losses to the Product having a material adverse effect on the Net Asset Value of the Product. A futures transaction by the Product may result in losses in excess of the amount invested by the Product. Additional funds may need to be posted as margin or collateral to meet such calls based upon daily marking to market of Futures

Contracts. Increases in the amount of margin or collateral or similar payments may result in the need for the Product to liquidate its investments at unfavourable prices in order to meet margin or collateral calls. This may result in substantial losses to Unitholders.

Futures Contracts Market Risks

Futures Contracts markets may be uncorrelated to traditional markets (such as equities markets) and are subject to greater risks than other markets. It is a feature of Futures Contracts generally that they are subject to rapid change and the risks involved may change relatively quickly. The price of Futures Contracts can be highly volatile. Such price movements are influenced by, among other things, interest rates, changing market supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments. In some cases, far-reaching political changes may result in constitutional and social tensions, instability and reaction against market reforms.

Clearing House's Failure Risk

In the event of the bankruptcy of the exchange's clearing house, the Product could be exposed to a risk of loss with respect to its assets that are posted as margin. If such a bankruptcy were to occur, the Product would be afforded the protections granted to participants to transactions cleared through a clearing house, under applicable law and regulations. Such provisions generally provide for a pro rata distribution to customers of customer property held by the bankrupt exchange's clearing house if the exchange's clearing house is insufficient to satisfy all customer claims. In any case, there can be no assurance that these protections will be effective in allowing the Product to recover all, or even any, of the amounts it has deposited as margin.

Holding of HSCEI Futures Restriction in Number Risk

The current restriction in the Securities and Futures (Contracts Limits and Reportable Position) Rules (the "Rules") made under the SFO limits the holding by a person for his own account, or for another person but which he controls, of futures contracts or stock options contracts. As such, not only are the positions held or controlled by the Product subject to the prescribed position limit, the positions held or controlled by the Manager, including the positions held for the Manager's own account or for the funds under its management (such as the Product) but controlled by the Manager, may also not in aggregate exceed the relevant maximum. Accordingly, the Product's ability to acquire further HSCEI Futures may be affected by other futures/option contracts held or controlled by the Manager (including Mini-Hang Seng China Enterprises Index futures contracts, Hang Seng China Enterprises Index options contracts and positions held or controlled for other funds/products). Because Unitholders will not themselves hold HSCEI Futures or control the Product, holdings of Units by a Unitholder will not render such Unitholder to be subject to the requirements of the Rules. Whilst the Manager does not anticipate that this will have any immediate effect on the Product, if the position held or controlled by the Manager reaches the relevant position limit or if the Net Asset Value of the Product grows significantly the restrictions under the Rules may prevent creations of Units due to the inability under the Rules of the Product to acquire further HSCEI Futures. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The investment exposure could also deviate from the target exposure which adds tracking error to the Product.

Regulatory Change Risk

The regulation of Futures Contracts, and futures transactions in general, is a rapidly changing area of law and is subject to modification by government and judicial action. The effect of any such regulatory changes on the Product is impossible to predict, but could be substantial and adverse. To the extent possible, the Manager will attempt to monitor such changes to determine the impact such changes may have on the Product and what can be done, if anything, to try and limit such impact.

Index Constituents and Futures Contracts Price Limit Risk

The Product's investment objective is to provide investment results that closely correspond to the inverse (-1x) of the Daily performance of the Index. Although the Index is an equity index, the Product invests in HSCEI Futures. The HKEx has adopted a volatility control mechanism ("VCM") for securities including constituents of the Index. During the continuous trading session of the constituents of the Index, the VCM is triggered if the price of a security is deviated more than ±10% away from the last traded price 5 minutes ago, and a 5 minutes cooling-off period will start. During the cooling off period, trading is allowed within a fixed price band (±10% of the last trading price). There will be a maximum of one VCM trigger in each trading session (morning session and afternoon session are counted as two separate trading sessions).

VCM also applies to the HSCEI Futures. If there is an attempt to trade a HSCEI Future at a price more than 5% away from its last traded price 5 minutes ago, it will trigger a 5-minute cooling-off period where trading of the HSCEI Futures can still continue but within a band (±5% of the last trading price). Normal trading without restriction will resume after the cooling-off period.

As a result, the price movement of the Index may be greater than the HSCEI Futures' price movement. If the VCM cooling-off period is triggered at or around the close of trading of the underlying futures market on any Business Day, this may result in imperfect Daily rebalancing of the Product.

Trading Hours Difference Risk

The HKFE and the SEHK have different trading hours. As the HKFE may be open when Units in the Product are not priced, the value of the HSCEI Futures in the Product's portfolio may change on days when investors will not be able to purchase or sell the Product's Units. Difference in trading hours between the HKFE and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.

Trading of the Index constituents closes earlier than trading of the HSCEI Futures so there may continue to be price movements for the HSCEI Futures when Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and the HSCEI Futures, which may prevent the Product from achieving its investment objective.

Inverse Performance of Index

Investors in the Product should note that the objective and the risks inherent in the Product are not typically encountered in traditional exchange traded funds which track the "long" performance rather than inverse performance of an index. Should the value of the underlying Securities of the Index increase, it could have a negative effect on the performance of the

Product. As such, Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments. The negative effect of compounding is more pronounced when combined with Daily rebalancing in volatile markets.

The Product is designed as a trading tool for short-term market timing or hedging purposes, and is not intended for long term investment. It is only suitable for sophisticated trade-oriented investors who understand the potential consequences of seeking Daily inverse results and the associated risks constantly monitor the performance of their holding on a daily basis.

Path Dependency

The objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse performance of the Index on a Daily basis only. Therefore the Product should not be equated with seeking an inverse position for periods longer than a day. Investors in the Product should note that the point-to-point accumulated performance of the historical Daily inverse performance of the Index over a certain period may not be "symmetrical" to the point-to-point performance of the Index over the same period of time due to the effect of "path dependency" and compounding of the Daily returns of the Index. As such, the performance of the Product is not inversely correlated to the performance of the Index over a certain period of time. Please refer to the section "Explanation on Path Dependency" above.

Investors should exercise caution when holding the Product for longer than the rebalancing interval, i.e. one Business Day. The performance of the Product, when held overnight, may deviate from the inverse performance of the Index.

Concentration and Mainland China Market Risk

The Product is subject to concentration risks as a result of tracking the inverse performance of H-share companies. The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments.

The Index constituents are companies incorporated in mainland China which are listed on the SEHK and primarily traded in Hong Kong, and have substantial business exposure to mainland China, an emerging market. Investments of the Product may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

Suspension of creation risk

There can be no assurance that there are sufficient HSCEI Futures in the market available to the Product to fully satisfy creation requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product 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 illiquidity of the HSCEI Futures, and delay or disruption in execution of trades or in settlement of trades.

Investment in Other Funds Risk

As part of the Product's investment strategy, the Manager may invest in other investment products such as SFC authorised money market funds. Although such funds will be regulated in Hong Kong, the Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. In particular, as an investor in such funds, the Product will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the Product to the Manager.

Distributions Out Of or Effectively Out Of Capital Risk

The Manager may, at its discretion make distributions out of capital. The Manager may also, at its discretion, make distributions out of gross income while all or part of the fees and expenses of a Product are charged to/paid out of the capital of the Product, resulting in an increase in distributable income for the payment of distributions by the Product and therefore, the Product may effectively pay distributions out of the capital. Payment of distributions 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 distributions out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset Value per Unit. The Manager may amend its distribution policy subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Appendix dated 10 March 2017

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ASSET MANAGEMENT

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