

**Hang Seng Investment Series
(the “Series”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial and tax advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Trust Deed and Explanatory Memorandum of the Series

We, as the Manager of the Series, are writing to inform you that with effect from the respective dates stated below, certain amendments have been made to the Trust Deed and the Explanatory Memorandum of the Series.

(1) Amendments to the Trust Deed

The Trust Deed of the Series has been amended on 13 April 2018, by way of a twenty-first supplemental deed, to (a) reflect provisions for and to make explicit compliance with (i) all the key provisions required to be included in the constitutive document under the SFC’s Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds; and (ii) Chapters 7.12(a), 7.12(b), 7.12(d), 8.6(a), 8.6(h), 8.6(i), 8.6(k) of the SFC’s Code on Unit Trusts and Mutual Funds; and (b) make other miscellaneous changes.

A copy of the Trust Deed of the Series (including all the supplemental deeds thereto) is available for inspection free of charge, during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at our office located at 13/F, 83 Des Voeux Road Central, Hong Kong.

(2) Amendment to the Explanatory Memorandum

With effect from the date of this document, the disclosure relating to the Calculation of the Net Asset Value in the Explanatory Memorandum of the Series has been updated to reflect the relevant amendments in the Trust Deed of the Series mentioned in (a)(i) above. Please refer to the “Amendment to the Explanatory Memorandum of the Series” enclosed for details.

If you have any queries concerning the above, please contact us at (852) 2198 5890 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
20 April 2018

Hang Seng Investment Series
(the “Series”)

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Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendment to the Explanatory Memorandum of the Series

The following amendment is made to the Explanatory Memorandum of the Series with effect from the date of this document. This amendment forms part of and should be read in conjunction with the Explanatory Memorandum of the Series.

VALUATION OF FUNDS AND UNIT PRICES

The first paragraph under the sub-section headed “**Calculation of Net Asset Value**” is deleted in its entirety and replaced by the following:

“The Net Asset Value of a Fund will be determined in accordance with the Trust Deed. The Manager will use its best effort to ensure that there will be fair valuation of the investment held by a Fund and may, after consultation with the Trustee, adjust the value of any investment of a Fund or permit some other method of valuation of such investment to be used if, having regard to currency, applicable rate of interest, maturity, marketability of such investment, accounting treatment for such investment, the estimated market price of such investment as at the Valuation Point and other considerations the Manager deems relevant, it considers such adjustment or use of such other method is required to reflect the fair value of such investment.”

If you have any queries concerning the above, please contact us at (852) 2198 5890 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
20 April 2018

**Hang Seng Investment Series
(the "Series")**

**Hang Seng Hong Kong Dollar Money Market Fund
(the "Fund")**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial and tax advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheet of the Fund.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Termination of the Fund

We, as the Manager of the Fund, are writing to inform you that we have decided to terminate the Fund with effect from 21 June 2018 (the "Termination Date").

Manager's Decision to Terminate the Fund

Pursuant to clause 27.3 of the Trust Deed constituting the Series (as amended) (the "Trust Deed"), a Fund may be terminated by us in our absolute discretion by notice in writing if on any date, the Net Asset Value ("NAV") of the Units outstanding in respect of such Fund shall be less than US\$4 million. As of 21 February 2018, the NAV of the Fund was HK\$21.0 million (approximately US\$2.7 million). As a result of this, we have taken the view that it is no longer economically viable to continue operating the Fund in these circumstances. In considering the best interests of the Unitholders, we have therefore decided to terminate the Fund with effect from the Termination Date and hereby give you 3 months' notice of termination of the Fund as required under clause 27.4 of the Trust Deed.

The total expense ratio ("TER") of the Fund was 0.27% as of 30 June 2017. The TER represents the annualized ongoing expenses for the half-year ended 30 June 2017 expressed as a percentage of the Fund's average NAV for the same period. The TER includes the fees of the Manager and the Trustee. There are no unamortised preliminary expenses associated with the Fund.

The costs and expenses to be incurred in connection with the termination of the Fund (for example, legal cost, administration cost and printing cost) are estimates to be approximately HK\$10,000. These expenses are to be borne by us, as the Manager of the Fund.

From the date of this letter, the Fund is no longer allowed to be marketed to the public in Hong Kong and shall not accept subscription from new investors. Immediately following the termination of the Fund, an application will be made to the Hong Kong Securities and Futures Commission (the "SFC") for the withdrawal of authorization of the Fund.

Consequences of this Decision for Unitholders in the Fund

In respect of your existing holdings in the Fund, you may apply for redemption of Units on any Dealing Day of the Fund* before the Termination Date (the last Dealing Day of the Fund is expected to be 20 June 2018). As set out in the Term Sheet of the Fund, for redemptions to be dealt with on a Dealing Day of the Fund, a request for redemption must be received by us before the relevant cut-off time (i.e. 4:00 p.m. (Hong Kong time)) on that Dealing Day. For the avoidance of doubt, there is no redemption charge for redemption of Units of the Fund.

You may also apply for switching of Units of the Fund into the same class of Units of other fund(s) managed by us, free of switching fee with effect from 20 March 2018. In order for switching to take effect on a particular Dealing Day of the Fund (before the Termination Date)/of the relevant fund#, the switching application must be received by us not later than the cut-off time for receipt of switching application for that Dealing Day which shall be the cut-off time for receipt of applications for the Fund (i.e. 4:00pm (Hong Kong time)) or that for the fund to be switched into, whichever is earlier. You should refer to the Term Sheet of the fund to be switched into for the relevant cut-off time of that fund.

* A Dealing Day of the Fund means each Business Day.

"Business Day" means any day (except Saturday) on which banks in Hong Kong are open for normal banking business. Please refer to the Explanatory Memorandum of the Series for the full definition of "Business Day".

Please refer to the Term Sheet of the relevant fund for the definition of "Dealing Day" for that fund.

Please note that the Authorised Distributor(s) of the Fund/relevant funds may set a cut-off time for receipt of applications for redemption and/or switching of Units earlier than those set out in the Term Sheets of the Fund/relevant funds. You should check with the relevant Authorised Distributor(s) for details, such as the cut-off time set in respect of applications through its different channels (e.g. branches, phone banking and e-banking).

You may also elect to take no action and remain in the Fund until the Termination Date upon which the Fund will be terminated in accordance with the relevant provisions of the Trust Deed. On termination of the Fund, the investments and other property of the Fund will be sold. In respect of Units in issue and held on the Termination Date, distributions of the cash proceeds of such realization (net of any costs and expenses attributable to the Fund such as audit fee and bank charges) will be made to the Unitholders of the Fund in proportion to their respective interests in the Fund and it is expected that such distributions will be made within approximately 7 working days after the Termination Date.

Tax Implications

Unitholders should be aware that redemption of Units may be deemed as a disposal for tax purposes.

Generally, investors will not be subject to any Hong Kong tax on capital gains realized on the redemption of any Units. However, if any acquisition, switching or redemption of Units is or forms part of a trade, profession or business carried on in Hong Kong, capital gains realized may attract Hong Kong profits tax.

Redemption effected through cancellation of Units will normally not be subject to stamp duty in Hong Kong.

Please note that tax implications of your unitholding as a consequence of the termination vary depending on the law and regulations of your country of residence, citizenship or domicile. Please consult your tax advisor if you require further advice.

If you have any queries concerning the above, please contact us at (852) 2198 5890 during office hours.

A copy of the Trust Deed, Explanatory Memorandum, financial reports and other documents as set out in the sub-section headed "Supply and Inspection of Documents" under the section headed "GENERAL" in the Explanatory Memorandum are available for inspection free of charge during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at our office located at 13/F, 83 Des Voeux Road Central, Hong Kong.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
20 March 2018

Hang Seng Investment Series

**Hang Seng China H-Share Index Fund
Hang Seng China H-Share Index Leveraged 150 Fund
(collectively the "Funds")**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Term Sheets of the Funds

We refer to the Notice to Unitholders dated 1 February 2018 and write to inform you that the Term Sheets and Product Key Facts Statements of the Funds have been updated to reflect the changes to the Hang Seng China Enterprises Index, the name of the Underlying Fund and the names of the Funds. Please refer to the "Amendments to the Term Sheets of the Funds" enclosed for details. The updated Product Key Facts Statements of the Funds are available at www.hangsenginvestment.com from the date of this document.

If you have any queries concerning the above, please contact us at (852) 2198 5890 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
6 March 2018

Hang Seng Investment Series

Hang Seng China H-Share Index Fund Hang Seng China H-Share Index Leveraged 150 Fund (each a “Fund”, collectively the “Funds”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Term Sheets of the Funds

The following amendments are made to the Term Sheets of the Funds with effect from the date of this document. These amendments form part of and should be read in conjunction with the Term Sheets of the Funds.

1. Name of the Funds and Name of the Underlying Fund

Hang Seng China H-Share Index Fund

All references to “Hang Seng China H-Share Index Fund” and “Hang Seng H-Share Index ETF” in the Term Sheet of the Fund are deleted in their entirety and replaced by the references to “Hang Seng China Enterprises Index Fund” and “Hang Seng China Enterprises Index ETF” respectively.

Hang Seng China H-Share Index Leveraged 150 Fund

All references to “Hang Seng China H-Share Index Leveraged 150 Fund” and “Hang Seng H-Share Index ETF” in the Term Sheet of the Fund are deleted in their entirety and replaced by the references to “Hang Seng China Enterprises Index Leveraged 150 Fund” and “Hang Seng China Enterprises Index ETF” respectively.

2. Risk Factors

Hang Seng China H-Share Index Fund

The first paragraph in the part headed “*Concentration Risk*” under “***Risks relating to the fund structure***” is deleted in its entirety and replaced by the following:

“There is a high concentration risk. To the extent that the Index concentrates in securities of a particular sector or group of sector(s), the investments of the Underlying Fund may be similarly concentrated. The performance of the Underlying Fund could depend substantially on the performance of such market/sector(s), and the Underlying Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).”

Hang Seng China H-Share Index Leveraged 150 Fund

The sub-section headed “***Concentration Risk***” is deleted in its entirety and replaced by the following:

“***Concentration Risk***”

There is a high concentration risk. To the extent that the Index concentrates in securities of a particular sector or group of sector(s), the investments of the Underlying Fund may be similarly concentrated. The performance of the Underlying Fund could depend substantially on the performance of such market/sector(s), and the Underlying Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).”

3. Appendices 1 and 2

- (a) Appendices 1 and 2 (excluding the Index Disclaimer) in the Term Sheets of the Funds are deleted in their entirety and replaced by the following:

“Appendix 1

The following paragraphs are extracted and derived from the Hong Kong Offering Document of the Hang Seng China Enterprises Index ETF that can be downloaded from the web site www.hangsenginvestment.com. They are provided for information only and should be read in conjunction with the full text of the aforesaid Hong Kong Offering Document.

The Hang Seng China Enterprises Index ETF (the “HSCEI ETF”)

The HSCEI ETF is a sub-fund of the Hang Seng Investment Index Funds Series (the “ETF Series”). The ETF Series is a unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 18 November 2003 between Hang Seng Investment Management Limited as the manager, HSBC Provident Fund Trustee (Hong Kong) Limited as the trustee and Hang Seng Data Services Limited. The ETF Series and its first sub-fund, the HSCEI ETF, have been authorised by the SFC and the HSCEI ETF is listed on the SEHK. Units of the HSCEI ETF can be traded in such a way as other shares listed on the SEHK. The SFC and the SEHK take no responsibility for the financial soundness of the ETF Series or the HSCEI ETF, and the approval of listing by the SEHK does not imply official recommendation of an investment in the ETF Series or in the HSCEI ETF. SFC authorisation is not a recommendation or endorsement of the ETF Series or the HSCEI ETF nor does it guarantee the commercial merits of the ETF Series or the HSCEI ETF or the performance of the ETF Series or the HSCEI ETF. It does not mean the ETF Series or the HSCEI ETF is suitable for all investors nor is it an endorsement of the suitability of the ETF Series or the HSCEI ETF for any particular investor or class of investors.

Similar to the investment objective of the Fund, HSCEI ETF seeks to provide investment returns that match as closely as practicable, before expenses, the performance of the Hang Seng China Enterprises Index (the “Index”).

The manager of the HSCEI ETF will primarily adopt a replication strategy. In order to maximise portfolio management efficiency, minimise transaction costs and tracking error, exposure to the Index may also be obtained through other index-tracking strategies or financial instruments from which the return to the HSCEI ETF will substantially reflect the performance of the Index. Such strategies and instruments will be chosen based on their correlation to the Index and cost efficiency in order to reflect the characteristics of the Index. The manager of the HSCEI ETF may decide to utilise a representative sampling strategy or another investment strategy from time to time to achieve the HSCEI ETF’s investment objective.

Investors should note the various risks relating to the Fund’s investment in the HSCEI ETF which include the following:-

- Net Asset Value and price fluctuations
- Correlation to the Index and tracking error risk
- Trading and listing issues
- Absence of active trading market in the Units and liquidity risks
- Risk of suspension of trading
- Dual Counter risk
- Concentration and Mainland market risk
- Equity market risk
- Liquidity risk
- Securities lending
- Short selling
- Issuer-specific changes
- Reliance on Market Makers
- Risk of reliance on Participating Dealers
- Reliance on the same group risk
- Risk of termination of the HSCEI ETF
- FATCA related risk

- Risks associated with distribution of dividend out of capital or effectively out of capital
- General risks of investments associated with the Mainland
- PRC tax risk
- General risks of investments associated with RMB currency

Investors should refer to the section headed “What are the Risks of Investing in the HSCEI ETF?” in the Hong Kong Offering Document of the HSCEI ETF for details of the risks involved.

The manager of the HSCEI ETF does not have any discretion to take defensive positions where the Hong Kong stock market declines. Hence, any fall in the Index will result in a fall in the value of the HSCEI ETF.

If the Index is discontinued or the licence of the manager of the HSCEI ETF from the Index proprietor, Hang Seng Data Services Limited and the Index provider, Hang Seng Indexes Company Limited is terminated, the manager of the HSCEI ETF may, in consultation with the trustee of the HSCEI ETF, seek the relevant regulators’ prior approval to replace the Index with an index that is tradable and has similar objectives to the Index. For the avoidance of doubt, the index-tracking element of the HSCEI ETF’s investment objective would remain unchanged. The SFC reserves the right to withdraw the authorisation of the HSCEI ETF if the Index is no longer considered to be acceptable to the SFC.

Investors should also note that the performance of the Index and the HSCEI ETF may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

The manager of the HSCEI ETF, the Index provider, Hang Seng Indexes Company Limited (“HSIL”) and the Index proprietor, Hang Seng Data Services Limited all are members of the HSBC Group. Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the manager of the HSCEI ETF will in its best effort ensure that Unitholders are treated fairly.

Appendix 2

The Hang Seng China Enterprises Index (the “Index”)

Overview

The Index, launched on 8 August 1994, tracks the performance of:

- H-Shares, which are shares in Mainland incorporated enterprises that are listed on the SEHK and primarily traded in Hong Kong;
- Red-chips, which are securities of companies that are incorporated outside of the PRC that are listed on the SEHK, have more than 50% of their sales revenue (or profits or assets, if more appropriate) derived from Mainland and are directly or indirectly controlled by organizations or enterprises that are owned by the state, provinces or municipalities of the PRC; and
- P-chips, which are securities of companies that are incorporated outside of the PRC that are listed on the SEHK and have more than 50% of their sales revenue (or profits or assets, if more appropriate) derived from Mainland but are not H-Shares or Red-chips.

The universe of the Index comprises all H-Share companies that have their primary listing on the Main Board of the SEHK. The number of H-Shares constituents is 40 whereas the total number of Red-chips and P-chips constituents is 10. Please refer to the sub-section “Inclusion factor and adjusted cap level for Red-chips and P-chips constituents” below to understand more about the proportion of the H-Shares, Red-chips and P-chips constituents in the Index.

The Index is denominated in HKD and is calculated with a base value of 2000 as of 3 January 2000. It 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 the constituent stocks in the Index announced by the SEHK.

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

Eligibility

In order to be included in the Index, a stock should be listed for at least one month by the review cut-off date and pass the 0.1% turnover velocity minimum requirement. Turnover velocity in each of the past 12 months is calculated for each stock based on 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.

The following additional eligibility screenings apply to Red-chips and P-chips constituents, but not to H-Shares constituents.

- i. 3 years of listing history for companies listed through an IPO, or 6 years of listing history for companies listed through a backdoor listing.
- ii. The past 1-month, 3-month and 12-month historical price volatility of a potential constituent should not be more than 3 times the historical price volatility of the Index for the respective period.
- iii. The profit, net cash generated from operating activities and cash dividends of the company in the past 3 fiscal years must be greater than zero.

Selection

Then, all eligible H-Shares 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.

All eligible Red-chips and P-chips are also ranked (separately from eligible H-Shares) based on the same set of criteria as listed above.

A combined market capitalisation ranking is calculated for each H-Share, Red-chips and P-chips based on the following formula:

$$\begin{array}{l} \text{Combined Market} \\ \text{Capitalisation} \\ \text{Ranking} \end{array} = \begin{array}{l} 50\% \text{ of Full Market Capitalisation Rank} \\ + 50\% \text{ of Freefloat-adjusted Market Capitalisation Rank} \end{array}$$

The 40 H-Shares that have the highest combined market capitalisation ranking among all eligible H-Shares and the 10 Red-chips or P-chips that have the highest combined market capitalisation ranking among all eligible Red-chips and P-chips will be selected as constituents of the Index.

Index Calculation

The Index is a total return index and a freefloat-adjusted market capitalisation weighted methodology with a cap of 10% on each constituent weighting is adopted for the Index calculation.

Inclusion factor and adjusted cap level for Red-chips and P-chips constituents

Before 5 March 2018, the Index only comprised H-Shares but not Red-chips and P-chips.

To minimise the potential impact on the market arising from the addition of Red-chips and P-chips constituents to the Index, the 10 Red-chips and P-chips constituents will be added to the Index in 5 phases over a period of 12 months from March 2018 to March 2019. The additional 10 constituents will be added to the Index by adopting an inclusion factor and an adjusted cap level in each phase according to the following table:

Phase	Month	Inclusion Factor	Adjusted Cap Level
1	March 2018	0.2	2%
2	June 2018	0.4	4%
3	September 2018	0.6	6%
4	December 2018	0.8	8%
5	March 2019	1.0	10%

As at 5 March 2018, the Index comprised 50 constituents with total market capitalisation of HKD3,408 billion and the respective weightings of the top 10 largest constituent stocks of the Index were as follows:

Stock Code	Stock Name	Weighting (%)
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.98
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	9.95
939	China Construction Bank Corporation - H Share	9.78
3988	Bank of China Ltd - H Share	9.65
2628	China Life Insurance Co. Ltd - H-Share	4.94
386	China Petroleum & Chemical Corporation - H Share	4.59
3968	China Merchants Bank Co. Ltd. - H Share	3.68
1288	Agricultural Bank of China Ltd. - H Share	3.43
857	Petrochina Co. Ltd. - H Share	3.24
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	2.89

Real-time update of the Index can be obtained through Thomson Reuters, Bloomberg and the website of HSIL at: <http://www.hsi.com.hk/>. The Index methodology and other important news relating to the Index are available at the HSIL website, <http://www.hsi.com.hk/>.

Please note:

- The list of constituent stocks which comprise the Index is reviewed by HSIL on a quarterly basis. The composition of the Index may change and its constituent companies may be substituted with other companies as determined by HSIL.
- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify HSIL and Hang Seng Data Services Limited (the "HSDS") against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future Unitholder or investor) as a result of any act or omission of HSIL and HSDS in respect of or in connection with the trading in the Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in cases of their wilful misconduct, bad faith or dishonesty). The Manager will also indemnify HSIL and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the license agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the Fund's assets in respect of any claims made against it including those in relation to the license agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Fund."

- (b) The Index Disclaimer at the end of Appendix 2 in each of the Term Sheets of the Funds is deleted in its entirety and replaced by the following:

- **Hang Seng China H-Share Index Fund**

“Index Disclaimer

The Hang Seng China Enterprises Index (the “Index”) is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name “Hang Seng China Enterprises Index” are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by Hang Seng Investment Management Limited in connection with Hang Seng China Enterprises Index Fund (the “Fund”), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE 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 INDEX OR ANY COMPONENT OR DATA COMPRISE IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO ANY OF THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY HANG SENG INVESTMENT MANAGEMENT LIMITED IN CONNECTION WITH THE FUND; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE 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 FUND OR ANY OTHER PERSON DEALING WITH THE FUND AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Fund in any manner whatsoever by any broker, holder or other person dealing with the Fund. Any broker, holder or other person dealing with the Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.”

- **Hang Seng China H-Share Index Leveraged 150 Fund**

“Index Disclaimer

The Hang Seng China Enterprises Index (the “Index”) is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name “Hang Seng China Enterprises Index” are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by Hang Seng Investment Management Limited in connection with Hang Seng China Enterprises Index Leveraged 150 Fund (the “Fund”), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE 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 INDEX OR ANY COMPONENT OR DATA COMPRISE IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY**

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If you have any queries concerning the above, please contact us at (852) 2198 5890 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
6 March 2018

**Hang Seng Investment Series
(the “Series”)**

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendment to the Explanatory Memorandum of the Series

The following amendment is made to the Explanatory Memorandum of the Series with effect from the date of this document. This amendment forms part of and should be read in conjunction with the Explanatory Memorandum of the Series.

INVESTMENT MANAGEMENT

The last paragraph of this section is deleted in its entirety and replaced by the following:

“The members of the board of directors of Hang Seng Investment Management Limited are Ivy Chan Shuk Pui, Margaret Kwan Wing Han, Lee Pui Shan, Lee Sai Kit, Eunice Leung Cheuk Yee, Luk Sai Lung, Ngan Man Kit, Leung Wing Lok, Katie Yip Kay Chun and Sridhar Chandrasekharan.”

If you have any queries concerning the above, please contact us at (852) 2198 5890 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
18 December 2017

Hang Seng Investment Series

Hang Seng Index Fund
Hang Seng Midcap Index Fund
Hang Seng China Index Fund
Hang Seng China H-Share Index Fund
Hang Seng China 50 Index Fund
Hang Seng Corporate Sustainability Index Fund
Hang Seng Index Leveraged 150 Fund
Hang Seng China H-Share Index Leveraged 150 Fund
Hang Seng Taiwan Index Fund
(collectively, the “Funds”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Supplement to the Term Sheet of the Funds

This supplement forms part of and should be read in conjunction with the Term Sheet of the Funds.

Updated Index Information

As at 26 September 2017:

(i) **Appendix 1 to the Term Sheet of Hang Seng Index Fund and Appendix 2 to the Term Sheet of Hang Seng Index Leveraged 150 Fund**

The Hang Seng Index (the “Index”)

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd.	10.65
5	HSBC Holdings plc	10.28
939	China Construction Bank Corporation – H share	8.10
1299	AIA Group Ltd.	8.10
941	China Mobile Ltd.	5.64
1398	Industrial and Commercial Bank of China Ltd. – H Share	4.87
2318	Ping An Insurance (Group) Co. of China Ltd. – H Share	3.64
3988	Bank of China Ltd. – H Share	3.57
1	CK Hutchison Holdings Ltd.	3.09
388	Hong Kong Exchanges and Clearing Ltd.	2.85

(ii) **Appendix 1 to the Term Sheet of Hang Seng Midcap Index Fund**

The Hang Seng Composite Midcap Index (the “Index”)

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
1918	Sunac China Holdings Ltd.	2.62
1211	BYD Co., Ltd. - H Shares	2.01
1099	Sinopharm Group Co., Ltd. - H Share	1.74
914	Anhui Conch Cement Co. Ltd. - H Shares	1.66
2238	Guangzhou Automobile Group Co. Ltd. - H Shares	1.61
1336	New China Life Insurance Co. Ltd. - H Shares	1.51
6030	CITIC Securities Co., Ltd. - H Share	1.50
2202	China Vanke Co. Ltd. - H Shares	1.39
522	ASM Pacific Technology Ltd.	1.32
1766	CRRC Corporation Ltd. - H Share	1.27

(iii) **Appendix 2 to the Term Sheet of Hang Seng China Index Fund**

FTSE China 50 Index (the "Index")

- The weighting of H Shares, Red Chip Shares and P Chip Shares in the Index was 65.84%, 17.73% and 16.43% respectively.
- The 50 constituent stocks of the Index are grouped under sectors of Financials, Telecommunications, Oil & Gas, Technology, Consumer Goods, Industrials, Basic Materials, Utilities and Consumer Services.
- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd. - P Chip	9.45
939	China Construction Bank Corporation - H Share	8.71
1398	Industrial and Commercial Bank of China Ltd. - H Share	7.57
941	China Mobile Ltd. - Red Chip	7.10
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	4.94
3988	Bank of China Ltd - H Share	4.38
883	CNOOC Ltd. - Red Chip	3.79
2628	China Life Insurance Co. Ltd – H-Share	3.64
386	China Petroleum & Chemical Corporation - H Share	3.49
175	Geely Automobile Holdings Ltd. – P Chip	2.62

(iv) **Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Fund and Hang Seng China H-Share Index Leveraged 150 Fund**

The Hang Seng China Enterprises Index (the "Index")

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.97
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	9.94
3988	Bank of China Ltd - H Share	9.82
939	China Construction Bank Corporation - H Share	9.60
2628	China Life Insurance Co. Ltd – H-Share	6.08
386	China Petroleum & Chemical Corporation - H Share	5.26
3968	China Merchants Bank Co. Ltd. - H Share	3.78
857	Petrochina Co. Ltd. - H Share	3.68
1288	Agricultural Bank of China Ltd. - H Share	3.40
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	2.77

(v) **Appendix 1 to the Term Sheet of Hang Seng China 50 Index Fund**

The Hang Seng China 50 Index (the "Index")

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code (Hong Kong Listed)	Stock Name (Mainland China Listed)	Stock Name	Weighting (%)
700	-	Tencent Holdings Ltd.	10.15
939	-	China Construction Bank Corporation - H Share	9.94
-	601318	Ping An Insurance (Group) Co. of China Ltd. - A Share	9.84
941	-	China Mobile Ltd.	8.17
1398	-	Industrial and Commercial Bank of China Ltd. - H Share	7.90
-	600036	China Merchants Bank Co. Ltd. - A Share	7.19
-	601166	Industrial Bank Co. Ltd.	4.46
2318	-	Ping An Insurance (Group) Co. of China Ltd. - H Share	4.33
3988	-	Bank of China Ltd - H Share	3.40
-	600519	Kweichow Moutai Co. Ltd.	3.38

(vi) Appendix 1 to the Term Sheet of Hang Seng Corporate Sustainability Index Fund

The Hang Seng Corporate Sustainability Index (the "Index")

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
5	HSBC Holdings plc	10.41
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.89
941	China Mobile Ltd.	9.26
3988	Bank of China Ltd. - H Share	8.25
1	CK Hutchison Holdings Ltd.	7.12
388	Hong Kong Exchanges and Clearing Ltd.	6.57
16	Sun Hung Kai Properties Ltd.	4.36
2	CLP Holdings Ltd.	4.02
11	Hang Seng Bank Ltd.	3.75
2388	BOC Hong Kong (Holdings) Ltd.	3.74

(vii) Appendix 1 to the Term Sheet of Hang Seng Taiwan Index Fund

FTSE TWSE Taiwan 50 Index (the "Index")

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Ranking	Stock Name	Weighting (%)
1	Taiwan Semiconductor Manufacturing Co. Ltd.	30.30
2	Hon Hai Precision Industry Co. Ltd.	9.70
3	Largan Precision Co. Ltd.	3.30
4	Formosa Plastics Corp.	2.84
5	Nan Ya Plastics Corp.	2.68
6	Media Tek Inc.	2.61
7	Chunghwa Telecom Co. Ltd.	2.46
8	Cathay Financial Holding Co. Ltd.	2.39
9	CTBC Financial Holding Co. Ltd.	2.17
10	Fubon Financial Holding Co. Ltd.	2.17

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Series

Hang Seng American Index Fund
Hang Seng UK Index Fund
Hang Seng Continental European Index Fund
Hang Seng Japan Index Fund
Hang Seng Pacific Index Fund

(collectively the “Funds”)

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Term Sheets of the Funds

We, as the Manager of the Funds, have been informed by the manager of the Underlying Funds that the Underlying Funds no longer invest in companies involved in certain controversial weapons in order to comply with both the letter and the spirit of all applicable laws. As a result, the investment policy, investment strategy and investment restrictions that apply to the Underlying Funds will be changed with effect from 8 September 2017 to expand and clarify the circumstances in which the exact composition and weightings of the Underlying Funds’ positions may not match the relevant index. In addition, the investment policy and investment strategy of the Underlying Funds will be amended, where required, to provide further clarification on how the Underlying Funds are currently managed.

The amended investment policy restricts the Underlying Funds from investing in companies involved in cluster munitions and controversial weapons. As a result, the Underlying Funds will not benefit from any potential capital growth or income from securities issued by such companies and it may affect the Underlying Funds’ ability to replicate the performance of the indexes.

While no changes are required to be made to the current portfolio compositions of the Underlying Fund of Hang Seng UK Index Fund, Hang Seng Continental European Index Fund and Hang Seng Japan Index Fund, a small number of securities have been identified and will be removed from the portfolio of the Underlying Fund of Hang Seng American Index Fund and Hang Seng Pacific Index Fund once the aforesaid amendments become effective. The securities are a relatively small proportion of the overall holdings of these Underlying Funds (Underlying Fund of Hang Seng American Index Fund – 0.65% and Underlying Fund of Hang Seng Pacific Index Fund – 0.05%). The proceeds from the sales of these securities will be reallocated across the other holdings within the Underlying Funds.

The manager of the Underlying Funds will continue to monitor the composition of the index that each of the Underlying Funds tracks, and if a security involved in the abovementioned activities becomes part of it, the manager of the Underlying Funds will exclude that security from the Underlying Funds.

Please refer to the “Amendments to the Term Sheets of the Funds” enclosed for details. The updated Product Key Facts Statements of the Funds are available at www.hangsenginvestment.com from the date of this document.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
8 September 2017

Hang Seng Investment Series

Hang Seng American Index Fund
Hang Seng UK Index Fund
Hang Seng Continental European Index Fund
Hang Seng Japan Index Fund
Hang Seng Pacific Index Fund

(collectively the “Funds”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Term Sheets of the Funds

The following amendments are made to the Term Sheets of the Funds with effect from the date of this document. These amendments form part of and should be read in conjunction with the Term Sheets of the Funds.

(A) Hang Seng American Index Fund

1. Risk Factors

The third bullet point of the part headed “*Tracking Error Risk*” under the sub-section of “**Risks relating to the fund structure**” is deleted in its entirety and replaced by the following:

“the inabilities of the Underlying Fund to invest in all securities comprising the American Index in certain circumstances;”

2. Appendix 1

(i) The first paragraph of the sub-section of “**The HSBC Index Tracker Investment Funds – American Index Fund (the “Underlying Fund”)**” is deleted in its entirety and replaced by the following:

“The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds having as its investment objective to provide long term capital growth by matching the return of the Standard & Poor’s 500 Index (the “American Index”). The investment policy of the Underlying Fund is to invest in companies that make up the American Index. The Underlying Fund may invest in financial derivative instruments for efficient portfolio management with a level of risk that is consistent with the overall risk profile of the Underlying Fund. The Underlying Fund does not intend to use financial derivative instruments extensively.

The Underlying Fund may hold cash and collective investment schemes, including collective investment schemes managed or operated by the manager of the Underlying Fund or an associate of the manager of the Underlying Fund to manage day-to-day cash flow requirements. The scheme property of the Underlying Fund may also not consist of the exact composition and weighting of the underlying in the American Index in circumstances where the manager of the Underlying Fund determines that this is appropriate for reasons of poor liquidity, excessive cost to the Underlying Fund or where there are investment restrictions due to regulations or the manager of the Underlying Fund’s cluster munitions and controversial weapons policy. The strategy of the Underlying Fund is to use a replication approach to track the American Index. This means that the Underlying Fund will seek to invest in all of the companies that make up the American Index and in the same or very similar proportions in which they are included in the American Index.

From time to time, the Underlying Fund’s investment composition may differ from the American Index in order to manage the Underlying Fund’s transaction costs, to maintain the Underlying Fund’s characteristics during different market environments and differing levels of asset availability or where there are investment restrictions due to regulations or the manager of the Underlying Fund’s cluster munitions and controversial weapons policy. At all times the Underlying Fund will seek to track the performance of the American Index. The Underlying Fund may use exchange traded funds and derivatives for efficient portfolio management. In particular, exchange traded futures maybe used with the aim of generating returns that are consistent with the American Index in respect of dividends and cash flowing into the Underlying Fund. The Prospectus and the Hong Kong Covering Document of the Underlying Fund are available for reference upon request. ”

- (ii) The second bullet point of the second paragraph under the sub-section of “**Risks of Investing in the Underlying Fund**” is deleted in its entirety and replaced by the following:

“The Underlying Fund currently seek to hold all the stocks comprising the American Index which the Underlying Fund tracks, except where there are investment restrictions due to regulations or the manager of the Underlying Fund’s cluster munitions and controversial weapons policy.. Tracking error is minimised by comparing the weights of the stocks in the Underlying Fund to the weights of the stocks in the American Index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock’s weight in the Underlying Fund differs from its weight in the American Index by more than a specified tolerance, then shares in this stock will be bought or sold in order to give the stock a American Index weighting. Cash arising from sales will either be retained by the Underlying Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by the Underlying Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by the Underlying Fund will be kept as low as is practicable. ”

- (iii) Updated index information

The Standard & Poor's 500 Index (the "American Index")

As at 31 August 2017, the American Index consists of the largest 505 companies by market capitalisation in the United States of America. The largest sector is the Information Technology sector with weighting of 23.51%, followed by the Health Care sector with weighting of 14.66%.

As at 31 August 2017, the respective weightings of the top 10 largest constituent stocks of the American Index were:

Ranking	Stock Name	Weighting (%)
1	Apple Inc	4.04
2	Microsoft Corp	2.73
3	Facebook Inc A	1.92
4	Amazon.com Inc	1.84
5	Johnson & Johnson	1.69
6	Berkshire Hathaway B	1.63
7	Exxon Mobil Corp	1.53
8	JP Morgan Chase & Co	1.53
9	Alphabet Inc A	1.34
10	Alphabet Inc C	1.32

(B) Hang Seng UK Index Fund

1. Risk Factors

The third bullet point of the part headed “*Tracking Error Risk*” under the sub-section of “**Risks relating to the fund structure**” is deleted in its entirety and replaced by the following:

“the inability of the Underlying Fund to invest in all securities comprising the UK Index in certain circumstances;”

2. Appendix 1

- (i) The first paragraph of the sub-section of “**The HSBC Index Tracker Investment Funds – FTSE 100 Index Fund (the “Underlying Fund”)**” is deleted in its entirety and replaced by the following:

“The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds having as its investment objective to provide long term capital growth by matching the return of the FTSE 100 Index (the "UK Index"). The investment policy of the Underlying Fund is to invest in companies that make up the UK Index. The Underlying Fund may invest in financial derivative instruments for efficient portfolio management with a level of risk that is consistent with the overall risk profile of the Underlying Fund. The Underlying Fund does not intend to use financial derivative instruments extensively.

The Underlying Fund may hold cash and collective investment schemes, including collective investment schemes managed or operated by the manager of the Underlying Fund or an associate of the manager of the Underlying Fund, to manage day-to-day cash flow requirements. The scheme property of the Underlying

Fund may also not consist of the exact composition and weighting of the underlying in the UK Index in circumstances where the manager of the Underlying Fund determines that this is appropriate for reasons of poor liquidity, excessive cost to the Underlying Fund or where there are investment restrictions due to regulations or the manager of the Underlying Fund's cluster munitions and controversial weapons policy. The strategy of the Underlying Fund is to use a replication approach to track the UK Index. This means that the Underlying Fund will seek to invest in all of the companies that make up the UK Index and in the same or very similar proportions in which they are included in the UK Index.

From time to time, the Underlying Fund's investment composition may differ from the UK Index in order to manage the Underlying Fund's transaction costs, to maintain the Underlying Fund's characteristics during different market environments and differing levels of asset availability or where there are investment restrictions due to regulations or the manager of the Underlying Fund's cluster munitions and controversial weapons policy. At all times the Underlying Fund will seek to track the performance of the UK Index. The Underlying Fund may use exchange traded funds and derivatives for efficient portfolio management. In particular, exchange traded futures may be used with the aim of generating returns that are consistent with the UK Index in respect of dividends and cash flowing into the Underlying Fund. The Prospectus and the Hong Kong Covering Document of the Underlying Fund are available for reference upon request. ”

- (ii) The second bullet point of the second paragraph under the sub-section of “**Risks of Investing in the Underlying Fund**” is deleted in its entirety and replaced by the following:

“The Underlying Fund currently seek to hold all the stocks comprising the UK Index which the Underlying Fund tracks, except where there are investment restrictions due to regulations or the manager of the Underlying Fund's cluster munitions and controversial weapons policy. Tracking error is minimised by comparing the weights of the stocks in the Underlying Fund to the weights of the stocks in the UK Index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock's weight in the Underlying Fund differs from its weight in the UK Index by more than a specified tolerance, then shares in this stock will be bought or sold in order to give the stock a UK Index weighting. Cash arising from sales will either be retained by the Underlying Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by the Underlying Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by the Underlying Fund will be kept as low as is practicable. ”

- (iii) Updated index information

The FTSE 100 Index (the "UK Index")

As at 31 August 2017, the UK Index consists of the top 101 stocks in market capitalisation in the United Kingdom. The largest sector is the Financials sector with weighting of 23.25%, followed by the Consumer Goods sector with weighting of 18.62%.

As at 31 August 2017, the respective weightings of the top 10 largest constituent stocks of the UK Index were:

Ranking	Stock Name	Weighting (%)
1	HSBC Holdings	7.88
2	British American Tobacco	5.78
3	Royal Dutch Shell – A	4.99
4	BP	4.49
5	Royal Dutch Shell - B	4.24
6	GlaxoSmithKline	3.88
7	Diageo	3.35
8	Vodafone Group	3.09
9	AstraZeneca	3.01
10	Unilever	2.83

(C) Hang Seng Continental European Index Fund

1. Risk Factors

The third bullet point of the part headed “*Tracking Error Risk*” under the sub-section of “**Risks relating to the fund structure**” is deleted in its entirety and replaced by the following:

“the inability of the Underlying Fund to invest in all securities comprising the Continental European Index in certain circumstances;”

2. Appendix 1

- (i) The first paragraph of the sub-section of “**The HSBC Index Tracker Investment Funds – European Index Fund (the “Underlying Fund”)**” is deleted in its entirety and replaced by the following:

“The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds having as its investment objective to provide long term capital growth by matching the return of the FTSE Developed Europe ex UK Index (the “Continental European Index”). The investment policy of the Underlying Fund is to invest in companies that make up the Continental European Index. The Underlying Fund may invest in financial derivative instruments for efficient portfolio management with a level of risk that is consistent with the overall risk profile of the Underlying Fund. The Underlying Fund does not intend to use financial derivative instruments extensively.

The Underlying Fund may hold cash and collective investment schemes, including collective investment schemes managed or operated by the manager of the Underlying Fund or an associate of the manager of the Underlying Fund, to manage day-to-day cash flow requirements. The scheme property of the Underlying Fund may also not consist of the exact composition and weighting of the underlying in the Continental European Index in circumstances where the manager of the Underlying Fund determines that this is appropriate for reasons of poor liquidity, excessive cost to the Underlying Fund or where there are investment restrictions due to regulations or the manager of the Underlying Fund’s cluster munitions and controversial weapons policy. The strategy of the Underlying Fund is to use a replication approach to track the Continental European Index. This means that the Underlying Fund will seek to invest in all of the companies that make up the Continental European Index and in the same or very similar proportions in which they are included in the Continental European Index.

From time to time, the Underlying Fund’s investment composition may differ from the Continental European Index in order to manage the Underlying Fund’s transaction costs, to maintain the Underlying Fund’s characteristics during different market environments and differing levels of asset availability or where there are investment restrictions due to regulations or the manager of the Underlying Fund’s cluster munitions and controversial weapons policy. At all times the Underlying Fund will seek to track the performance of the Continental European Index. The Underlying Fund may use exchange traded funds and derivatives for efficient portfolio management. In particular, exchange traded futures may be used, with the aim of generating returns that are consistent with the Continental European Index in respect of dividends and cash flowing into the Underlying Fund. The Prospectus and the Hong Kong Covering Document of the Underlying Fund are available for reference upon request. ”

- (ii) The second bullet point of the second paragraph under the sub-section of “**Risks of Investing in the Underlying Fund**” is deleted in its entirety and replaced by the following:

“The Underlying Fund currently seek to hold all the stocks comprising the Continental European Index which the Underlying Fund tracks, except where there are investment restrictions due to regulations or the manager of the Underlying Fund’s cluster munitions and controversial weapons policy. Tracking error is minimised by comparing the weights of the stocks in the Underlying Fund to the weights of the stocks in the Continental European Index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock’s weight in the Underlying Fund differs from its weight in the Continental European Index by more than a specified tolerance, then shares in this stock will be bought or sold in order to give the stock a Continental European Index weighting. Cash arising from sales will either be retained by the Underlying Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by the Underlying Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by the Underlying Fund will be kept as low as is practicable. ”

- (iii) Updated index information

The FTSE Developed Europe ex UK Index (the “Continental European Index”)

As at 31 August 2017, the Continental European Index consists of 406 stocks in 15 European developed markets excluding the United Kingdom, namely, Austria, Belgium (inc Luxembourg), Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland. The largest sector is the Financials sector with weighting of 23.05% followed by the Consumer Goods sector with weighting of 19.40%.

As at 31 August 2017, the respective weightings of the top 10 largest constituent stocks of the Continental European Index were:

Ranking	Stock Name	Weighting (%)
1	Nestle	4.01
2	Novartis (REGD)	3.02
3	Roche Hldgs (GENUS)	2.72
4	Total	1.74
5	Bayer AG	1.62
6	Sanofi	1.60
7	Banco Santander	1.57
8	Siemens AG	1.52
9	Allianz SE	1.48
10	SAP	1.45

(D) Hang Seng Japan Index Fund

1. Risk Factors

The third bullet point of the part headed "*Tracking Error Risk*" under the sub-section of "**Risks relating to the fund structure**" is deleted in its entirety and replaced by the following:

"the inabilities of the Underlying Fund to invest in all securities comprising the Japan Index in certain circumstances;"

2. Appendix 1

- (i) The first paragraph of the sub-section of "**The HSBC Index Tracker Investment Funds Japan Index Fund (the "Underlying Fund")**" is deleted in its entirety and replaced by the following:

"The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds having as its investment objective to provide long term capital growth by matching the return of the FTSE Japan Index (the "Japan Index"). The investment policy of the Underlying Fund is to invest in companies that make up the Japan Index. The Underlying Fund may invest in financial derivative instruments for efficient portfolio management with a level of risk that is consistent with the overall risk profile of the Underlying Fund. The Underlying Fund does not intend to use financial derivative instruments extensively.

The Underlying Fund may hold cash and collective investment schemes, including collective investment schemes managed or operated by the manager of the Underlying Fund or an associate of the manager of the Underlying Fund, to manage day-to-day cash flow requirements. The scheme property of the Underlying Fund may also not consist of the exact composition and weighting of the underlying in the Japan Index in circumstances where the manager of the Underlying Fund determines that this is appropriate for reasons of poor liquidity, excessive cost to the Underlying Fund or where there are investment restrictions due to regulations or the manager of the Underlying Fund's cluster munitions and controversial weapons policy. The strategy of the Underlying Fund is to use a replication approach to track the Japan Index. This means that the Underlying Fund will seek to invest in all of the companies that make up the Japan Index and in the same or very similar proportions in which they are included in the Japan Index.

From time to time, the Underlying Fund's investment composition may differ from the Japan Index in order to manage the Underlying Fund's transaction costs, to maintain the Underlying Fund's characteristics during different market environments and differing levels of asset availability or where there are investment restrictions due to regulations or the manager of the Underlying Fund's cluster munitions and controversial weapons policy. At all times the Underlying Fund will seek to track the performance of the Japan Index. The Underlying Fund may use exchange traded funds and derivatives for efficient portfolio management. In particular, exchange traded futures maybe used with the aim of generating returns that are consistent with the Japan Index in respect of dividends and cash flowing into the Underlying Fund. The Prospectus and the Hong Kong Covering Document of the Underlying Fund are available for reference upon request."

- (ii) The second bullet point of the second paragraph under the sub-section of "**Risks of Investing in the Underlying Fund**" is deleted in its entirety and replaced by the following:

"The Underlying Fund currently seek to hold all the stocks comprising the Japan Index which each the Underlying Fund tracks, except where there are investment restrictions due to regulations or the manager of

the Underlying Fund's cluster munitions and controversial weapons policy. Tracking error is minimised by comparing the weights of the stocks in the Underlying Fund to the weights of the stocks in the Japan Index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock's weight in the Underlying Fund differs from its weight in the Japan Index by more than a specified tolerance, then shares in this stock will be bought or sold in order to give the stock a Japan Index weighting. . Cash arising from sales will either be retained by the Underlying Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by the Underlying Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by the Underlying Fund will be kept as low as is practicable. ”

- (iii) Updated index information

The FTSE Japan Index (the "Japan Index")

As at 31 August 2017, the Japan Index consists of 493 Japanese stocks. The largest sector is the Consumer Goods sector with weighting of 24.76%, followed by the Industrials sector with weighting of 22.82%.

As at 31 August 2017, the respective weightings of the top 10 largest constituent stocks of the Japan Index were:

Ranking	Stock Name	Weighting (%)
1	Toyota Motor	4.14
2	Mitsubishi UFJ Financial	2.24
3	Softbank Group	1.95
4	Honda Motor Co	1.41
5	Sumitomo Mitsui Financial Group	1.41
6	Sony Corp	1.40
7	KDDI Corp	1.39
8	Keyence Corp	1.32
9	Mizuho Financial Group	1.23
10	Takeda Pharmaceutical	1.19

(E) Hang Seng Pacific Index Fund

1. Risk Factors

The third bullet point of the part headed *“Tracking Error Risk”* under the sub-section of **“Risks relating to the fund structure”** is deleted in its entirety and replaced by the following:

“the inabilities of the Underlying Fund to invest in all securities comprising the Pacific Index in certain circumstances;”

2. Appendix 1

- (i) The first paragraph of the sub-section of **“The HSBC Index Tracker Investment Funds Pacific Index Fund (the “Underlying Fund”)** is deleted in its entirety and replaced by the following:

“The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds having as its investment objective to provide long term capital growth by matching the return of the FTSE World Asia Pacific ex Japan Index (the "Pacific Index"). The investment policy of the Underlying Fund is to invest in companies that make up the Pacific Index. The Underlying Fund may invest in financial derivative instruments for efficient portfolio management with a level of risk that is consistent with the overall risk profile of the Underlying Fund. The Underlying Fund does not intend to use financial derivative instruments extensively.

The Underlying Fund may hold cash and collective investment schemes, including collective investment schemes managed or operated by the manager of the Underlying Fund or an associate of the manager of the Underlying Fund, to manage day-to-day cash flow requirements. The scheme property of the Underlying Fund may also not consist of the exact composition and weighting of the underlying in the Pacific Index in circumstances where the manager of the Underlying Fund determines that this is appropriate for reasons of poor liquidity, excessive cost to the Underlying Fund or where there are investment restrictions due to regulations or the manager of the Underlying Fund's cluster munitions and controversial weapons policy. The

strategy of the Underlying Fund is to use a replication approach to track the Pacific Index. This means that the Underlying Fund will seek to invest in all of the companies that make up the Pacific Index and in the same or very similar proportions in which they are included in the Pacific Index.

From time to time, the Underlying Fund's investment composition may differ from the Pacific Index in order to manage the Underlying Fund's transaction costs, to maintain the Underlying Fund's characteristics during different market environments and differing levels of asset availability or where there are investment restrictions due to regulations or the manager of the Underlying Fund's cluster munitions and controversial weapons policy. At all times the Underlying Fund will seek to track the performance of the Pacific Index. The Underlying Fund may use exchange traded funds and derivatives for efficient portfolio management. In particular, exchange traded futures maybe used with the aim of generating returns that are consistent with the Pacific Index in respect of dividends and cash flowing into the Underlying Fund. The Prospectus and the Hong Kong Covering Document of the Underlying Fund are available for reference upon request. ”

- (ii) The second bullet point of the second paragraph under the sub-section of “**Risks of Investing in the Underlying Fund**” is deleted in its entirety and replaced by the following:

“The Underlying Fund currently seek to hold all the stocks comprising the Pacific Index which the Underlying Fund tracks, except where there are investment restrictions due to regulations or the manager of the Underlying Fund's cluster munitions and controversial weapons policy.. Tracking error is minimised by comparing the weights of the stocks in the Underlying Fund to the weights of the stocks in the Pacific Index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock's weight in the Underlying Fund differs from its weight in the Pacific Index by more than a specified tolerance, then shares in this stock will be bought or sold in order to give the stock a Pacific Index weighting. Cash arising from sales will either be retained by the Underlying Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by the Underlying Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by the Underlying Fund will be kept as low as is practicable. ”

- (iii) Updated index information

The FTSE World Asia Pacific ex Japan Index (the "Pacific Index")

As at 31 August 2017, the Pacific Index consists of 8 markets and 536 stocks in the Pacific Basin (excluding Japan) namely, Australia, Hong Kong, Malaysia, New Zealand, Singapore, South Korea, Taiwan and Thailand. The largest sector is the Financials sector with weighting of 35.53%, followed by the Consumer Goods sector with weighting of 14.00%.

As at 31 August 2017, the respective weightings of the top 10 largest constituent stocks of the Pacific Index were:

Ranking	Stock Name	Weighting (%)
1	Samsung Electronics	5.72
2	Taiwan Semiconductor Manufacturing	5.01
3	Commonwealth Bank of Australia	3.03
4	AIA Group Ltd	2.70
5	Westpac Banking Corp	2.42
6	BHP Billiton Ltd	2.03
7	Australia & New Zealand Banking	1.99
8	National Australia Bank	1.86
9	Hon Hai Precision Industry	1.69
10	CSL	1.35

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Series

**Hang Seng China H-Share Index Fund
Hang Seng China Index Fund
Hang Seng China H-Share Index Leveraged 150 Fund
Hang Seng Index Leveraged 150 Fund
(collectively the "Funds")**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Term Sheets of the Funds

We, as the Manager of the Funds, are writing to inform you that with effect from the date of this document, the disclosures relating to the distribution declaration date and the distribution policy in the Term Sheets of the Hang Seng China H-Share Index Fund and Hang Seng China Index Fund are updated to reflect the change of distribution declaration date as stated in the Notice to Unitholders dated 28 July 2017 and to reflect that under the current Hong Kong regulatory regime, the prior approval of the SFC is no longer required for the change of distribution policy (i.e. change from paying dividend out of capital / effectively out of capital to no longer paying dividend out of / effectively out of capital and the change of frequency of distribution) of the Hang Seng China H-Share Index Fund and Hang Seng China Index Fund respectively, and the disclosure relating to the Trustee Fee in the Term Sheets of the Hang Seng China H-Share Index Leveraged 150 Fund and Hang Seng Index Leveraged 150 Fund are updated. Please refer to the "Amendments to the Term Sheets of the Funds" enclosed for details.

The updated Product Key Facts Statements of the Funds are available at www.hangsenginvestment.com from the date of this document.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
31 August 2017

Hang Seng Investment Series

Hang Seng China H-Share Index Fund Hang Seng China Index Fund Hang Seng China H-Share Index Leveraged 150 Fund Hang Seng Index Leveraged 150 Fund (collectively the "Funds")

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Term Sheets of the Funds

The following amendments are made to the Term Sheets of the Funds with effect from the date of this document. These amendments form part of and should be read in conjunction with the Term Sheets of the Funds.

1. Hang Seng China H-Share Index Fund and Hang Seng China Index Fund

Distribution Policy

The second and third paragraphs of the sub-section headed "*Income Units*" are deleted in its entirety and replaced by the following:

"The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on an annual basis (i.e. September in each year). The Manager may amend this distribution policy by giving not less than one month's prior notice to the relevant Unitholders.

Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager."

2. Hang Seng China H-Share Index Leveraged 150 Fund

Charges and Expenses

In the table under "*Management Fee, Administration Fee and Trustee Fee*", the row for "Trustee Fee" is deleted in its entirety and replaced by the following:

"

Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$200,000,000 Up to 0.08% in respect of Net Asset Value for the next HK\$200,000,000 Up to 0.06% in respect of Net Asset Value in excess of HK\$400,000,000	Calculated on a sliding scale as follows:- 0.050% on the first HKD15 billion of the net asset value of the Underlying Fund; 0.045% on the next HKD15 billion of the net asset value of the Underlying Fund; 0.030% on the next HKD15 billion of the net asset value of the Underlying Fund; and 0.025% on the net asset value of the Underlying Fund in excess of HKD45 billion	Up to 0.175%
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"

3. Hang Seng Index Leveraged 150 Fund

Charges and Expenses

In the table under “*Management Fee, Administration Fee and Trustee Fee*”, the row for “Trustee Fee” is deleted in its entirety and replaced by the following:

“

Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$200,000,000 Up to 0.08% in respect of Net Asset Value for the next HK\$200,000,000 Up to 0.06% in respect of Net Asset Value in excess of HK\$400,000,000	Calculated on a sliding scale as follows:- 0.050% on the first HKD600 million of the net asset value of the Underlying Fund; and 0.030% on the net asset value of the Underlying Fund in excess of HKD600 million	Up to 0.175%
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”

4. Updated Index Information

(a) Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Fund and Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Leveraged 150 Fund

The Hang Seng China Enterprises Index (the “Index”)

- As at 15 August 2017, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	10.51
1398	Industrial and Commercial Bank of China Ltd. - H Share	10.27
3988	Bank of China Ltd - H Share	9.83
939	China Construction Bank Corporation - H Share	9.79
2628	China Life Insurance Co. Ltd. - H Share	6.14
386	China Petroleum & Chemical Corporation - H Share	5.07
857	PetroChina Co. Ltd. - H Share	3.59
3968	China Merchants Bank Co. Ltd. - H Share	3.49
1288	Agricultural Bank of China Ltd. - H Share	3.33
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	2.87

(b) Appendix 2 to the Term Sheet of Hang Seng China Index Fund

FTSE China 50 Index (the “Index”)

As at 15 August 2017:

- The weighting of H Shares, Red Chip Shares and P Chip Shares in the Index was 67.97%, 18.53% and 13.50% respectively.
- The 50 constituent stocks of the Index are grouped under sectors of Financials, Telecommunications, Technology, Oil & Gas, Industrials, Consumer Goods, Basic Materials, Utilities, and Consumer Services.
- The respective weightings of the top 10 largest constituent stocks of the Index were as follows:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd. - P Chip	10.06
939	China Construction Bank Corporation - H Share	8.84

941	China Mobile Ltd. - Red Chip	7.75
1398	Industrial and Commercial Bank of China Ltd. - H Share	7.34
3988	Bank of China Ltd. - H Share	5.07
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	4.84
2628	China Life Insurance Co. Ltd – H-Share	3.56
883	CNOOC Ltd. - Red Chip	3.43
386	China Petroleum & Chemical Corporation - H Share	3.23
857	PetroChina Co. Ltd. - H Share	2.66

(c) Appendix 2 to the Term Sheet of Hang Seng Index Leveraged 150 Fund

The Hang Seng Index (the “Index”)

- As at 15 August 2017, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd.	11.21
5	HSBC Holdings plc	10.50
1299	AIA Group Ltd.	8.35
939	China Construction Bank Corporation - H Share	8.20
941	China Mobile Ltd.	6.19
1398	Industrial and Commercial Bank of China Ltd. - H Share	4.76
3988	Bank of China Ltd. - H Share	3.60
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	3.49
1	CK Hutchison Holdings Ltd.	3.20
388	Hong Kong Exchanges and Clearing Ltd.	2.86

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
31 August 2017

Hang Seng Investment Series

Hang Seng China H-Share Index Fund Hang Seng China Index Fund (collectively the "Funds")

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Change of Distribution Declaration Date of the Funds

We, as the Manager of the Funds, are writing to inform you of a change of distribution declaration date of the Income Units of the Funds.

1. Change of Distribution Declaration Date

Currently, declaration of distribution of the Income Units is made in December of each year. To better align with the dividend distribution of the respective Underlying Fund, we have decided to change the date of distribution declaration of the Income Units of the Funds from December of each year to September of each year and such change shall take effect on and from 31 August 2017 (the "Effective Date").

As disclosed in the Term Sheets of the Funds, for Income Units, the Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units of the Fund.

2. Impact of the change to Unitholders

After the change of the date of declaration of distribution from December of each year to September of each year, it is expected that Unitholders of the Income Units of the Funds can receive more timely distribution (if any). For the avoidance of doubt, the investment objective, policies and risk profiles of the Funds remain the same. Each distribution from the Funds will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager. The costs relating to this change will be borne by us, as the Manager of the Funds. The Trustee has no objection to this change.

3. Amendments to the offering documents

The Term Sheets and the Product Key Facts Statements of the Funds will be updated to reflect the above change. We will notify you when the updated Term Sheets and Product Key Facts Statements of the Funds are made available

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
28 July 2017

**Hang Seng Investment Series
(the “Series”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial and tax advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Explanatory Memorandum of the Series

We, as the Manager of the Series, are writing to inform you that with effect from the date of this document, certain amendments are made to the Explanatory Memorandum of the Series. The amendments are in respect of the following: (i) disclosures regarding the Automatic Exchange of Financial Account Information implemented in Hong Kong; and (ii) the resignations of Mr. Pang Yiu Hung, Victor, and Mr. Fung Hau Chung, Andrew, as directors of the Manager which took effect from 11 June 2017 and 30 June 2017 respectively. Please refer to the “Amendments to the Explanatory Memorandum of the Series” enclosed for details.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
24 July 2017

Hang Seng Investment Series (the “Series”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial and tax advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Explanatory Memorandum of the Series

The following amendments are made to the Explanatory Memorandum of the Series with effect from the date of this document. These amendments form part of and should be read in conjunction with the Explanatory Memorandum of the Series.

(1) TAXATION AND REGULATORY REQUIREMENTS

The following is inserted at the end of and forms part of the sub-section headed “**Hong Kong**”:

“Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance 2016 (the “Amendment Ordinance”), which is the legislative framework for the implementation of Automatic Exchange of Financial Account Information (the “AEOI”) in Hong Kong, came into force on 30 June 2016.

The AEOI is a new system that involves the transmission of financial account information from Hong Kong to an overseas tax jurisdiction with which Hong Kong has entered into an AEOI agreement¹. Under the Amendment Ordinance, reporting financial institutions in Hong Kong are required to apply due diligence procedures to identify the tax residency of the account holders and controlling persons for the purpose of AEOI² and collect the specified information. The financial institution is required to report to the Inland Revenue Department (“IRD”) the required information collected in respect of the reportable accounts on an annual basis. IRD will then transmit the information to the tax administration of the relevant jurisdiction of which the account holder is tax resident³. Under the Amendment Ordinance, information that may be reported to the IRD includes details of account holders, including but not limited to their name, date of birth, place of birth (if any), address, jurisdiction of tax residence, tax identification number (if any), account number, account balance/value, distribution income and sales/redemption proceeds.

The Funds, as reporting financial institutions, are required to, amongst other things:

- (i) conduct due diligence on their financial accounts to identify whether any such accounts are considered as “Reportable Accounts” for AEOI purpose; and
- (ii) report to the IRD the required information on such Reportable Accounts.

By investing and/or continuing to invest in the Fund(s), Unitholders acknowledge that:

¹ FAQ1 of the Frequently Asked Questions regarding the Automatic Exchange of Financial Account Information available at the website of the Inland Revenue Department (Last revision date: 7 June 2017) http://www.ird.gov.hk/eng/faq/dta_aeoi.htm

² FAQ6 of the Frequently Asked Questions regarding the Automatic Exchange of Financial Account Information available at the website of the Inland Revenue Department (Last revision date: 7 June 2017) http://www.ird.gov.hk/eng/faq/dta_aeoi.htm

³ FAQ3 of the Frequently Asked Questions regarding the Automatic Exchange of Financial Account Information available at the website of the Inland Revenue Department (Last revision date: 7 June 2017) http://www.ird.gov.hk/eng/faq/dta_aeoi.htm

- (i) the IRD may automatically exchange information of the Unitholders (and information on controlling persons including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are passive non-financial entities) as outlined above with relevant tax authorities in other jurisdictions;
- (ii) Unitholders may be required to provide additional information and/or documentation for AEOI purpose; and
- (iii) in the event that an Unitholder fails to provide the requested information and/or documentation, irrespective of whether or not that actually leads to non-compliance on the part of the Fund(s) and/or the Manager, the Manager reserves the right to take remedial actions including, without limitation, to require the Unitholder to transfer the Unitholder's Units or, failing such transfer, redeem such Units in accordance with the Trust Deed, and to the extent permitted by applicable laws and regulations.

Unitholders and prospective investors should consult their professional advisers and obtain independent professional advice on the implications of AEOI on their current and/or proposed investment in the Fund(s)."

(2) INVESTMENT MANAGEMENT

The last paragraph of this section is deleted in its entirety and replaced by the following:

"The members of the board of directors of Hang Seng Investment Management Limited are Margaret Kwan Wing Han, Lee Pui Shan, Luk Sai Lung, Ngan Man Kit, Andrew Leung Wing Lok and Sridhar Chandrasekharan."

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
24 July 2017

**Hang Seng Investment Series
(the “Series”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Explanatory Memorandum of the Series

We, as the Manager of the Series, are writing to inform you that with effect from the date of this document, certain amendments are made to the Explanatory Memorandum of the Series. The amendments are in respect of the following: (i) update of the disclosure under the “RISK FACTORS” section of the Explanatory Memorandum of the Series; (ii) update of the disclosure under the “DISTRIBUTORS” section of the Explanatory Memorandum of the Series; and (iii) the addition of a director of the Manager, which took effect on 21 April 2017. Please refer to the “Amendments to the Explanatory Memorandum of the Series” enclosed for details.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
28 April 2017

**Hang Seng Investment Series
(the “Series”)**

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Explanatory Memorandum of the Series

The following amendments are made to the Explanatory Memorandum of the Series with effect from the date of this document. These amendments form part of and should be read in conjunction with the Explanatory Memorandum of the Series.

(1) RISK FACTORS

The fourth paragraph under this section is deleted in its entirety and replaced by the following:

“Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not a Fund is suitable for them, they should consult their investment adviser and obtain independent professional advice. Each investor should only reach an investment decision after taking financial, tax, accounting, legal and other advice where he/she considers appropriate in connection with his/her proposed investment in any of the Funds.”

(2) INVESTMENT MANAGEMENT

The last paragraph of this section is deleted in its entirety and replaced by the following:

“The members of the board of directors of Hang Seng Investment Management Limited are Andrew Fung Hau Chung, Margaret Kwan Wing Han, Lee Pui Shan, Luk Sai Lung, Ngan Man Kit, Andrew Leung Wing Lok, Victor Pang Yiu Hung and Sridhar Chandrasekharan.”

(3) DISTRIBUTORS

The fourth paragraph under this section is deleted in its entirety.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
28 April 2017

Hang Seng Investment Series

Hang Seng American Index Fund
Hang Seng China 50 Index Fund
Hang Seng China B-Share Focus Fund
Hang Seng China Equity Fund
Hang Seng China H-Share Index Fund
Hang Seng China H-Share Index Leveraged 150 Fund
Hang Seng China Index Fund
Hang Seng Consumer Sector FlexiPower Fund
Hang Seng Continental European Index Fund
Hang Seng Corporate Sustainability Index Fund
Hang Seng Financial Sector FlexiPower Fund
Hang Seng Global Balanced Fund
Hang Seng Global Bond Fund
Hang Seng Global Conservative Fund
Hang Seng Global Financial Sector Bond Fund
Hang Seng Global High Growth Fund
Hang Seng Global High Yield Bond Fund
Hang Seng Global Technology Fund
Hang Seng Hong Kong Bond Fund
Hang Seng Hong Kong Dollar Money Market Fund
Hang Seng Index Fund
Hang Seng Index Leveraged 150 Fund
Hang Seng Japan Index Fund
Hang Seng Mainland and Hong Kong Corporate Bond Fund
Hang Seng Mainland China Bond Fund
Hang Seng MidCap Index Fund
Hang Seng Pacific Index Fund
Hang Seng Property Sector FlexiPower Fund
Hang Seng Taiwan Index Fund
Hang Seng UK Index Fund
(collectively the "Funds")

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Term Sheets of the Funds

We, as the Manager of the Funds, are writing to inform you that with effect from the date of this document, the disclosure under the "Redemption and Switching of Units" section and the disclosure under the "Risk Factors" section of the Term Sheets of the Funds are updated. Please refer to the "Amendments to the Term Sheets of the Funds" enclosed for details.

For the relevant Funds with updated index information provided in the enclosed "Amendments to the Term Sheets of the Funds", their Product Key Facts Statements are updated accordingly and available at www.hangsenginvestment.com from the date of this document.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
28 April 2017

Hang Seng Investment Series

Hang Seng American Index Fund
Hang Seng China 50 Index Fund
Hang Seng China B-Share Focus Fund
Hang Seng China Equity Fund
Hang Seng China H-Share Index Fund
Hang Seng China H-Share Index Leveraged 150 Fund
Hang Seng China Index Fund
Hang Seng Consumer Sector FlexiPower Fund
Hang Seng Continental European Index Fund
Hang Seng Corporate Sustainability Index Fund
Hang Seng Financial Sector FlexiPower Fund
Hang Seng Global Balanced Fund
Hang Seng Global Bond Fund
Hang Seng Global Conservative Fund
Hang Seng Global Financial Sector Bond Fund
Hang Seng Global High Growth Fund
Hang Seng Global High Yield Bond Fund
Hang Seng Global Technology Fund
Hang Seng Hong Kong Bond Fund
Hang Seng Hong Kong Dollar Money Market Fund
Hang Seng Index Fund
Hang Seng Index Leveraged 150 Fund
Hang Seng Japan Index Fund
Hang Seng Mainland and Hong Kong Corporate Bond Fund
Hang Seng Mainland China Bond Fund
Hang Seng MidCap Index Fund
Hang Seng Pacific Index Fund
Hang Seng Property Sector FlexiPower Fund
Hang Seng Taiwan Index Fund
Hang Seng UK Index Fund
(each a “Fund”, collectively the “Funds”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Term Sheets of the Funds

The following amendments are made to the Term Sheets of the Funds with effect from the date of this document. These amendments form part of and should be read in conjunction with the Term Sheets of the Funds.

1. (i) Hang Seng American Index Fund, Hang Seng China 50 Index Fund, Hang Seng China Equity Fund, Hang Seng China H-Share Index Leveraged 150 Fund, Hang Seng China Index Fund, Hang Seng Continental European Index Fund, Hang Seng Corporate Sustainability Index Fund, Hang Seng Financial Sector FlexiPower Fund, Hang Seng Global Balanced Fund, Hang Seng Global Bond Fund, Hang Seng Global Conservative Fund, Hang Seng Global Financial Sector Bond Fund, Hang Seng Global High Growth Fund, Hang Seng Global High Yield Bond Fund, Hang Seng Global Technology Fund, Hang Seng Index Leveraged 150 Fund, Hang Seng Japan Index Fund, Hang Seng Mainland and Hong Kong Corporate Bond Fund, Hang Seng Mainland China Bond Fund, Hang Seng MidCap Index Fund, Hang Seng Pacific Index Fund, Hang Seng Property Sector FlexiPower Fund, Hang Seng Taiwan Index Fund and Hang Seng UK Index Fund
- (ii) Hang Seng Hong Kong Bond Fund and Hang Seng Hong Kong Dollar Money Market Fund
- (iii) Hang Seng Index Fund and Hang Seng China H-Share Index Fund

Redemption and Switching of Units

The second last paragraph under this section in the Term Sheets of the Funds listed in point (i) above, the fourth last paragraph under this section in the Term Sheets of the Funds listed in point (ii) above, and the third last

paragraph under this section in the Term Sheets of the Funds listed in point (iii) above are deleted in their entirety and replaced by the following:

“Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund. Where the switching is between Units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.”

2. Hang Seng China B-Share Focus Fund and Hang Seng Consumer Sector FlexiPower Fund

Redemption and Switching of Units

The second last paragraph under this section in the Term Sheets of the Hang Seng China B-Share Focus Fund and the Hang Seng Consumer Sector FlexiPower Fund is deleted in their entirety and replaced by the following:

“Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund. For the avoidance of doubt, Class A Units of different series of the Fund are considered as the same class as Class A Units, Income Units (Class A) or Accumulation Units (Class A) of another Fund (depending on which Fund) in the Hang Seng Investment Series. Where the switching is between Units denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.”

3. All Funds

Risk Factors

The third paragraph under this section in the Term Sheets of all the Funds is deleted in its entirety and replaced by the following:

“Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should consult their investment adviser and obtain independent professional advice.”

4. Updated Index Information

(a) Appendix 1 to the Term Sheet of Hang Seng American Index Fund

The Standard & Poor's 500 Index (the "American Index")

As at 31 March 2017:

- The American Index consists of the largest 505 companies by market capitalisation in the United States of America. The largest sector is the Information Technology sector with weighting of 22.10%, followed by the Financials sector with weighting of 14.40%.
- The respective weightings of the top 10 largest constituent stocks of the American Index were:

Ranking	Stock Name	Weighting (%)
1	Apple Inc	3.72
2	Microsoft Corp	2.51
3	Amazon.com Inc	1.73
4	Exxon Mobil Corp	1.68
5	Johnson & Johnson	1.67
6	Facebook Inc A	1.65
7	Berkshire Hathaway B	1.56
8	JP Morgan Chase & Co	1.55
9	General Electric Co	1.28
10	AT&T Inc	1.26

(b) Appendix 1 to the Term Sheet of Hang Seng China 50 Index Fund

The Hang Seng China 50 Index (the “Index”)

- As at 10 April 2017, the respective weightings of the top 10 largest constituent stocks of the Index were

Stock Code (Hong Kong Listed)	Stock Code (Mainland China Listed*)	Company Name	Weighting (%)
700	-	Tencent Holdings Ltd.	10.82
939	-	China Construction Bank Corporation - H Share	7.37
941	-	China Mobile Ltd.	5.70
-	601318	Ping An Insurance (Group) Co. of China Ltd. - A Share	4.11
1398	-	Industrial and Commercial Bank of China Ltd. - H Share	4.04
3988	-	Bank of China Ltd. - H Share	3.22
-	600036	China Merchants Bank Co. Ltd. - A Share	2.86
-	601166	Industrial Bank Co. Ltd.	2.84
-	600016	China Minsheng Banking Co. Ltd. - A Share	2.59
2318	-	Ping An Insurance (Group) Co. of China, Ltd. - H Shares	2.41

(c) Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Fund and Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Leveraged 150 Fund

The Hang Seng China Enterprises Index (the “Index”)

- As at 10 April 2017, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.94
939	China Construction Bank Corporation - H Share	9.85
3988	Bank of China Ltd - H Share	9.53
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	8.14
2628	China Life Insurance Co. Ltd. - H Share	6.37
386	China Petroleum & Chemical Corporation - H Share	6.08
857	PetroChina Co. Ltd. - H Share	4.47
1288	Agricultural Bank of China Ltd. - H Share	3.44
3968	China Merchants Bank Co. Ltd. - H Share	2.95
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	2.64

(d) Appendix 2 to the Term Sheet of Hang Seng China Index Fund

FTSE China 50 Index (the “Index”)

As at 10 April 2017:

- The weighting of H Shares, Red Chip Shares and P Chip Shares in the Index was 69.62%, 18.96% and 11.42% respectively.
- The 50 constituent stocks of the Index are grouped under sectors of Financials, Telecommunications, Oil & Gas, Technology, Industrials, Consumer Goods, Utilities, Basic Materials and Consumer Services.

- The respective weightings of the top 10 largest constituent stocks of the Index were as follows:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd. - P Chip	9.34
939	China Construction Bank Corporation - H Share	9.08
941	China Mobile Ltd. - Red Chip	7.97
1398	Industrial and Commercial Bank of China Ltd. - H Share	6.52
3988	Bank of China Ltd. - H Share	5.18
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	4.49
386	China Petroleum & Chemical Corporation - H Share	4.09
2628	China Life Insurance Co. Ltd – H-Share	3.96
883	CNOOC Ltd. - Red Chip	3.86
857	PetroChina Co. Ltd. - H Share	3.28

- (e) Appendix 1 to the Term Sheet of Hang Seng Continental European Index Fund

The FTSE Developed Europe ex UK Index (the "Continental European Index")

As at 10 April 2017:

- The Continental European Index consists of 405 stocks in 14 European developed markets excluding the United Kingdom, namely, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland. The largest sector is the Financials sector with weighting of 21.81%, followed by the Consumer Goods sector with weighting of 19.48%.
- The respective weightings of the top 10 largest constituent stocks of the Continental European Index were:

Ranking	Stock Name	Weighting (%)
1	Nestle	3.92
2	Roche Hldgs (GENUS)	3.02
3	Novartis (REGD)	2.95
4	Total	1.92
5	Siemens AG	1.74
6	Sanofi	1.70
7	Bayer AG	1.58
8	BASF	1.54
9	Anheuser-Busch InBev	1.49
10	SAP	1.47

- (f) Appendix 1 to the Term Sheet of Hang Seng Corporate Sustainability Index Fund

The Hang Seng Corporate Sustainability Index (the "Index")

- As at 10 April 2017, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
5	HSBC Holdings plc.	10.03
941	China Mobile Ltd.	9.86
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.79
3988	Bank of China Ltd. - H Share	8.51
1	CK Hutchison Holdings Ltd.	7.42
388	Hong Kong Exchanges and Clearing Ltd.	6.53
2	CLP Holdings Ltd.	4.49
16	Sun Hung Kai Properties Ltd.	4.40
823	Link Real Estate Investment Trust	3.53
3	Hong Kong and China Gas Co. Ltd.	3.48

- (g) Appendix 1 to the Term Sheet of Hang Seng Index Fund and Appendix 2 to the Term Sheet of Hang Seng Index Leveraged 150 Fund

The Hang Seng Index (the "Index")

- As at 10 April 2017, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd.	10.70
5	HSBC Holdings plc	9.93
939	China Construction Bank Corporation - H Share	8.54
1299	AIA Group Ltd.	7.56
941	China Mobile Ltd.	6.61
1398	Industrial and Commercial Bank of China Ltd. - H Share	4.68
3988	Bank of China Ltd. - H Share	3.73
1	CK Hutchison Holdings Ltd.	3.26
388	Hong Kong Exchanges and Clearing Ltd.	2.86
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	2.79

- (h) Appendix 1 to the Term Sheet of Hang Seng Japan Index Fund

The FTSE Japan Index (the "Japan Index")

As at 10 April 2017:

- The Japan Index consists of 494 Japanese stocks. The largest sector is the Consumer Goods sector with weighting of 24.58%, followed by the Industrials sector with weighting of 22.21%.
- The respective weightings of the top 10 largest constituent stocks of the Japan Index were:

Ranking	Stock Name	Weighting (%)
1	Toyota Motor	4.41
2	Mitsubishi UFJ Financial	2.50
3	Softbank Group	1.89
4	Honda Motor Co	1.56
5	KDDI Corp	1.47
6	Sumitomo Mitsui Financial Group	1.40
7	Mizuho Financial Group	1.36
8	Sony Corp	1.22
9	Japan Tobacco	1.22
10	Fanuc	1.21

- (i) Appendix 1 to the Term Sheet of Hang Seng Midcap Index Fund

The Hang Seng Composite MidCap Index (the "Index")

- As at 10 April 2017, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
1099	Sinopharm Group Co., Ltd. - H Share	1.96
2382	Sunny Optical Technology (Group) Co. Ltd.	1.77
914	Anhui Conch Cement Co. Ltd. - H Shares	1.59
1357	Meitu, Inc.	1.57
1766	CRRC Corporation Ltd. - H Share	1.55
6030	CITIC Securities Co., Ltd. - H Share	1.52
1211	BYD Co., Ltd. - H Shares	1.33
586	China Conch Venture Holdings Ltd.	1.31
522	ASM Pacific Technology Ltd.	1.31
1336	New China Life Insurance Co. Ltd. - H Shares	1.30

(j) Appendix 1 to the Term Sheet of Hang Seng Pacific Index Fund

The FTSE World Asia Pacific ex Japan Index (the "Pacific Index")

As at 10 April 2017:

- The Pacific Index consists of 8 markets and 530 stocks in the Pacific Basin (excluding Japan) namely, Australia, Hong Kong, Malaysia, New Zealand, Singapore, South Korea, Taiwan and Thailand. The largest sector is the Financials sector with weighting of 35.92%, followed by the Consumer Goods sector with weighting of 13.80%.
- The respective weightings of the top 10 largest constituent stocks of the Pacific Index were:

Ranking	Stock Name	Weighting (%)
1	Samsung Electronics	5.78
2	Taiwan Semiconductor Manufacturing	4.62
3	Commonwealth Bank of Australia	3.44
4	Westpac Banking Corp	2.70
5	AIA Group Ltd.	2.40
6	Australia & New Zealand Banking Group	2.17
7	National Australia Bank	2.02
8	BHP Billiton Ltd	1.93
9	Hon Hai Precision Industry	1.47
10	CSL	1.37

(k) Appendix 1 to the Term Sheet of Hang Seng Taiwan Index Fund

FTSE TWSE Taiwan 50 Index (the "Index")

- As at 10 April 2017, the respective weightings of the top 10 largest constituent stocks of the Index were:

Ranking	Stock Name	Weighting (%)
1	Taiwan Semiconductor Manufacturing Co. Ltd.	29.79
2	Hon Hai Precision Industry Co. Ltd.	9.45
3	Largan Precision Co., Ltd	3.04
4	Formosa Plastics Corp.	2.98
5	Formosa Chemical & Fibre Corp.	2.73
6	Nan Ya Plastics Corp.	2.68
7	Chunghwa Telecom Co. Ltd.	2.59
8	Cathay Financial Holding	2.53
9	Delta Electronics Inc.	2.36
10	Fubon Financial Holding Co. Ltd.	2.30

(l) Appendix 1 to the Term Sheet of Hang Seng UK Index Fund

The FTSE 100 Index (the "UK Index")

As at 10 April 2017:

- The UK Index consists of the top 101 stocks in market capitalisation in the United Kingdom. The largest sector is the Financials sector with weighting of 21.99%, followed by the Consumer Goods sector with weighting of 17.97%.
- The respective weightings of the top 10 largest constituent stocks of the UK Index were:

Ranking	Stock Name	Weighting (%)
1	HSBC Holdings	7.06
2	British American Tobacco	5.34
3	Royal Dutch Shell – A	5.09
4	BP	4.80
5	Royal Dutch Shell - B	4.50

6	GlaxoSmithKline	4.31
7	AstraZeneca	3.20
8	Diageo	3.08
9	Vodafone Group	2.90
10	Unilever	2.62

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
28 April 2017

Hang Seng Investment Series

**Hang Seng China H-Share Index Fund
(the "Fund")**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheet of the Fund.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Term Sheet of the Fund

We, as the Manager of the Fund, are writing to inform you that with effect from the date of this document, the disclosure relating to the Trustee Fee in the Term Sheet of the Fund is updated. Please refer to the "Amendments to the Term Sheet of the Fund" enclosed for details.

The updated Product Key Facts Statement of the Fund is available at www.hangsenginvestment.com from the date of this document.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
18 January 2017

Hang Seng Investment Series

Hang Seng China H-Share Index Fund (the “Fund”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Term Sheet of the Fund

The following amendments are made to the Term Sheet of the Fund with effect from the date of this document. These amendments form part of and should be read in conjunction with the Term Sheet of the Fund.

1. Charges and Expenses

The table in the sub-section headed “**Management Fee, Administration Fee and Trustee Fee**” is deleted in its entirety and replaced by the following:

“

		The Fund (as a percentage per annum on the Net Asset Value of the Fund)	The Underlying Fund (as a percentage per annum on the net asset value of the Underlying Fund)	Aggregate Fees (Maximum) (as a percentage per annum on the Net Asset Value of the Fund)
Management Fee	Class A	Up to 1.0% (currently waived)	0.55%	Up to 1.0% (currently 0.55%)
	Class A AUD (Hedged)	Up to 1.0% (currently waived)	0.55%	Up to 1.0% (currently 0.55%)
	Class A RMB (Hedged)	Up to 1.0% (currently waived)	0.55%	Up to 1.0% (currently 0.55%)
	Class I	Up to 0.7% (currently waived)	0.55%	Up to 0.7% (currently 0.55%)
Administration Fee	Class A	Not Applicable	Not Applicable	Not Applicable
	Class A AUD (Hedged)			
	Class A RMB (Hedged)			
	Class I			
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.1% in respect of Net Asset Value up to HK\$300,000,000; Up to 0.06% in respect of Net Asset Value for the next HK\$300,000,000; Up to 0.03% in respect of Net Asset Value in excess of HK\$600,000,000	Calculated on a sliding scale as follows:- 0.050% on the first HKD15 billion of the net asset value of the Underlying Fund; 0.045% on the next HKD15 billion of the net asset value of the Underlying Fund; 0.030% on the next HKD15 billion of the net asset value of the Underlying Fund; and 0.025% on the net asset value of the Underlying Fund in excess of HKD45 billion	Up to 0.15%
	Class A AUD (Hedged)			
	Class A RMB (Hedged)			
	Class I			

”

2. Updated Index Information

Appendix 2

The Hang Seng China Enterprises Index (the "Index")

As at 3 January 2017, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
939	China Construction Bank Corporation - H Share	10.47
3988	Bank of China Ltd - H Share	10.33
1398	Industrial and Commercial Bank of China Ltd. - H Share	10.20
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	8.13
2628	China Life Insurance Co. Ltd. - H Share	6.13
386	China Petroleum & Chemical Corporation - H Share	5.63
857	PetroChina Co. Ltd. - H Share	4.85
1288	Agricultural Bank of China Ltd. - H Share	3.13
3968	China Merchants Bank Co. Ltd. - H Share	2.83
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	2.55

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited

18 January 2017

Hang Seng Investment Series

Hang Seng UK Index Fund (the "Fund")

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Supplement to the Term Sheet of the Fund

This supplement forms part of and should be read in conjunction with the Term Sheet of the Fund.

Updated Index Information

Appendix 1

The FTSE 100 Index (the "UK Index")

As at 3 January 2017:

- The UK Index consists of the top 101 stocks in market capitalisation in the United Kingdom. The largest sector is the Financials sector with weighting of 22.20%, followed by the Consumer Goods sector with weighting of 16.29%.
- The respective weightings of the top 10 largest constituent stocks of the UK Index were:

Ranking	Stock Name	Weighting (%)
1	HSBC Holdings	7.36
2	Royal Dutch Shell – A	5.44
3	BP	5.36
4	Royal Dutch Shell - B	4.90
5	British American Tobacco	4.74
6	GlaxoSmithKline	4.19
7	AstraZeneca	3.09
8	Vodafone Group	2.96
9	Diageo	2.91
10	Shire	2.36

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
18 January 2017

**Hang Seng Investment Series
(the “Series”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Explanatory Memorandum of the Series

We, as the Manager of the Series, are writing to inform you that with effect from the date of this document, certain amendments are made to the Explanatory Memorandum of the Series. The amendments are in respect of the following: (i) update of the relevant risk disclosures relating to liquidity risks under the “RISK FACTORS” section of the Explanatory Memorandum of the Series; (ii) addition of a new section headed “LIQUIDITY RISK MANAGEMENT” to the Explanatory Memorandum of the Series; (iii) update of the “VALUATION OF FUNDS AND UNIT PRICES” by adding that in case of suspension of calculation of net asset value, the suspension notice will also be available at the website of the Manager (www.hangsenginvestment.com); and (iv) the addition of a director of the Manager, which took effect on 28 November 2016. Please refer to the “Amendments to the Explanatory Memorandum of the Series” enclosed for details.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
30 December 2016

**Hang Seng Investment Series
(the “Series”)**

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Explanatory Memorandum of the Series

The following amendments are made to the Explanatory Memorandum of the Series with effect from the date of this document. These amendments form part of and should be read in conjunction with the Explanatory Memorandum of the Series.

(1) RISK FACTORS

- (a) The part headed “Liquidity Risk” under the sub-section of “**General Risks**” is deleted in its entirety and replaced by the following:

“Liquidity Risk

Investors should note that certain Funds are only suitable for medium to long-term investment. For these types of Funds, investors should consider their need to maintain sufficient liquid assets and satisfy themselves that these types of Funds are suitable for them in terms of their own circumstances and financial position before making any decision to invest in them.

In respect of the underlying investments of a Fund, liquidity risk exists. It is possible that a particular investment or position cannot be easily unwound or offset in a timely manner and/or at a reasonable price due to insufficient market depth or market disruption. Liquid investments may become illiquid or less liquid in particular during period of market turmoil or economic uncertainty. The liquidity of the underlying investments of a Fund would have an impact on the ability of the Fund to meet the redemption requests of its Unitholders. Absence of liquidity of the underlying investments may have an adverse impact on a Fund and the value of its underlying investments.”

- (b) Under the sub-section headed “**Risks for Funds which are direct investment funds**”:

- (i) The part headed “Risks for Funds investing in Equities” is deleted in its entirety and replaced by the following:

“Risks for Funds investing in Equities

Price Risk

Funds which invest in equities are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in local and global marketplace.

Trading and Liquidity Risk

Securities exchanges normally have the right to suspend or limit trading in any securities traded on the relevant exchanges under certain circumstances. A suspension or limitation on trading means liquidation of such securities is impossible or trading of such securities is limited during the relevant period and the Funds may be subject to losses. In case of low trading volume in respect of an underlying security, the liquidity of such security may be adversely affected. Accordingly, the ability of the Fund to meet the redemption requests of its Unitholders may be adversely affected.”

- (ii) The part headed "Risks for Funds investing in Fixed Income Instruments" is deleted in its entirety and replaced by the following:

"Risks for Funds investing in Fixed Income Instruments

(1) Interest Rate Risk

Funds which invest in fixed income instruments are subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, market value of fixed income instruments tends to fall. Long-term fixed income instruments in general are subject to higher interest rate risk than short-term fixed income instruments.

(2) Credit Risk

Funds which invest in fixed income instruments are also subject to risk that the issuer of such fixed income instruments being unable or unwilling to make timely principal and/or interest payments, or to honor its obligations. If the issuer of a fixed income instrument in which a Fund invests defaults, the performance of the Fund will be adversely affected. In particular, where the instruments in which the Fund invests are lower rated/higher yielding debt securities, to some extent, the Fund shall be subject to a higher degree of credit risk than a Fund which invests in higher rated/lower yielding debt securities.

(3) Liquidity Risk

The market liquidity for high yield/lower-rated/non-investment grade/unrated/emerging market debt securities can be low and there may be circumstances in which there is no liquidity, making it more difficult to sell these investments. Therefore, the Funds having such investments may incur significant trading and realisation costs, and may suffer significant losses when selling such investments. In the absence of an active secondary market, the Funds may not be able to sell their investments at a price considers advantageous and may need to hold the investments until maturity. If large redemption requests are received or there is liquidity mismatch between the Funds' underlying investments and the redemption requests received by the Funds, the Manager may have to liquidate such investments at a discount to meet redemption requests and the Funds may suffer losses."

- (iii) The part headed "Risks for Funds investing in Companies with Medium or Small Capitalisation" is deleted in its entirety and replaced by the following:

"Risks for Funds investing in Companies with Medium or Small Capitalisation

Market Risk

Funds which invest in listed shares of companies with medium or small capitalisation may, from time to time, and especially in falling markets, experience short-term price volatility and wider spreads between bid and offer prices and thus may involve higher risk than Funds which invest in shares of companies with large capitalisation.

Liquidity Risk

Comparing with large capitalisation companies, the listed shares and bonds issued by medium or small capitalisation companies may trade less frequently and in less volumes. Lack of liquidity due to low trading frequency and volume may have an adverse impact on the ability of a Fund to meet the redemption requests of its Unitholders ."

- (iv) The part headed "Risks for Funds which invest in Derivatives" deleted in its entirety and replaced by the following:

"Risks for Funds which invest in Derivatives

Market Risk

A derivative is a financial contract the value of which depends on, or is derived from, the value of an underlying asset such as a security or an index. Funds investing in derivatives may invest in stock index, options, future contracts and other types of derivatives. Such Funds may utilize both exchange-traded products and over-the-counter derivatives. Compared to equity securities, derivatives can be more sensitive to changes in market prices of the underlying assets and thus the market prices of derivatives may fall in value as rapidly as they may rise. Investors investing in such Funds are exposed to higher degree of fluctuation than traditional funds. Transactions in over-the-counter derivatives may involve additional risk as there is no regulated market for such derivatives.

Liquidity Risk

It may not always be possible for Funds investing in derivatives to dispose of their investment or liquidate an existing position in a falling market. For exchange traded financial derivatives, exchanges normally have the right to suspend or limit trading in any financial derivatives traded on the relevant exchanges under certain circumstances. Such a suspension or limitation on trading means liquidation of such financial derivatives is impossible or difficult. For over-the-counter financial derivatives, if the counterparties with which a Fund effects transactions cease making markets or quoting prices, the Fund might be unable to initiate a transaction or effect an offset transaction with respect to an open position, which might adversely affect its performance.

Other Risks

Investing in derivatives also involves other types of risks including, but not limited to the risk of adopting different valuation methodologies and imperfect correlation between the derivative and its underlying securities, rates and indices.”

- (c) The following is inserted as the last part of the sub-section headed **“Risks for Funds which are funds of funds”**:

“Liquidity Risk of the underlying CISs

In case of suspension of dealings, rejection of the redemption request and deferment of redemption proceeds payment of the underlying CISs, the Funds’ ability to meet the redemption requests of Unitholders may be adversely affected.”

- (d) The last paragraph of the sub-section headed **“Risks for Funds which are feeder funds”** is deleted in its entirety and replaced by the following:

“In case of suspension of dealings, rejection of the redemption request and deferment of redemption proceeds payment of the underlying CIS in which a Fund solely invests, the Fund may be unable to meet the redemption requests of Unitholders.

Investors of feeder funds will also subject to the exchange rate risk if the relevant Fund and its underlying CIS are denominated in different currencies. Please refer to the heading **“General Risks”** above for more detailed explanation of the exchange rate risk.”

(2) LIQUIDITY RISK MANAGEMENT

The following new section is inserted after the section headed **“RISK FACTORS”** and the table of contents of the Explanatory Memorandum is updated accordingly:

“LIQUIDITY RISK MANAGEMENT

Liquidity Risk Management Process

Liquidity risk management process is in place for the Manager to manage and monitor liquidity profile of the Funds in a prudent manner under both normal and adverse market situations.

When managing the Funds, in addition to risk factors such as market risk, credit risk, exchange rate risk, interest rate risk, etc., the portfolio management team of the Manager considers the liquidity of the Funds’ investments and the corresponding impact on the liquidity profile of the Funds as well as the Funds’ potential liquidity requirement in a manner which shall facilitate the Funds to meet their redemption obligations.

An investment liquidity risk monitoring framework is employed by the Manager to assess and manage liquidity risk of the Funds. Ongoing liquidity risk assessments and monitoring are performed, taking into account the potential liquidity requirements of the Funds and the market liquidity under normal and stressed circumstances.

In assessing the potential liquidity requirements of the Funds, the Manager considers the historical and expected redemption patterns of the Funds to the extent practicable and how concentration of holding of Units of the Funds (if any) might impact the redemption profile and hence the level of liquidity risk of the Funds.

Mechanism is in place for the Manager to assess, review and decide on the actions which may be required at short notice to meet liquidity demands of the Funds under unexpected stressed conditions.

Independent control monitoring is put in place by the Manager to ensure the ongoing implementation of the liquidity risk management process for the Funds. Liquidity risk management for the Funds is also subject to oversight by an internal committee of the Manager.

Liquidity Risk Management Tools

The following liquidity risk management tools are in place for the Manager to manage the liquidity risk of the Funds and to ensure that Unitholders are treated fairly:

Limiting Redemption on a Dealing Day

In order to manage and maintain the liquidity profile of the Funds in a prudent manner and protect the interests of the remaining Unitholders of the Funds amid large redemption demand, subject to specific provisions (if any) in the Term Sheet of the relevant Fund, the Manager is entitled, with the approval of the Trustee, to limit the number of Units in any Fund that is authorized by the SFC redeemed on any Dealing (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total value of Units in that Fund in issue. For details, please refer to the sub-section headed "**Restrictions on Redemption**" under "**REDEMPTION OF UNITS**" of this Explanatory Memorandum.

Suspension of Calculation of Net Asset Value

There are circumstances in which the Net Asset Value of a Fund may not be ascertained or it is not reasonably practicable to realize any investments of the Fund. In such cases, the Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of the Fund. No Units relating to any relevant Fund affected will be issued or redeemed during such a period of suspension. For details of such circumstances and the relevant notification arrangement by the Manager, please refer to the sub-section headed "**Suspension of Calculation of Net Asset Value**" under "**VALUATION OF FUNDS AND UNIT PRICES**" of this Explanatory Memorandum.

Borrowings

There may be circumstances in which sufficient cash is not readily available for payment of redemption proceeds of a Fund, e.g. redemption payment is due to be settled before proceeds from disposal of underlying investments of the Fund is received. Borrowing can be used as a liquidity risk management tool for a Fund to meet redemption obligations, subject to the restrictions as set out in the "**Borrowing Restrictions**" section of the Term Sheets of the Funds.

Adjustments to the Net Asset Value of the Funds

Where there is net cash inflow to a Fund, the Manager will generally invest for the Fund; where there is net cash outflow to a Fund, investments may need to be sold to fulfill the redemption obligations of the Fund. Duties (such as stamp duties) and charges so incurred, if significant, will adversely affect the interest of the remaining Unitholders of the Fund. As such, the Manager may make adjustments to the Net Asset Value as set out in the sub-section headed "**Calculation of Issue Price and Redemption Price**" under "**VALUATION OF FUNDS AND UNIT PRICES**" of this Explanatory Memorandum. This, in effect, is to allocate the costs of subscription to subscribing investors and the costs of redemption to redeeming Unitholders.

Impact of the Use of the Liquidity Risk Management Tools on the Funds and Unitholders

The liquidity risk management tools aim to protect the interests of Unitholders under circumstances as stated above and determined by the Manager from time to time. Investors should pay attention to the impact of the use of liquidity risk management tools on the Funds and the Unitholders:

- *Limiting Redemption on a Dealing Day:* In case redemption is limited on a Dealing Day, the limitation will apply pro rata so that all Unitholders wishing to redeem Units in the relevant Fund on that Dealing Day will redeem the same proportion by value of such Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned. For details, please refer to the sub-section headed "**Restrictions on Redemption**" under "**REDEMPTION OF UNITS**" of this Explanatory Memorandum.
- *Suspension of Calculation of Net Asset Value:* No Units relating to any relevant Fund affected will be issued or

redeemed during such a period of suspension. Notice will be given to relevant Unitholders and to all those (whether Unitholders or not) whose applications to subscribe for or redeem Units shall have been affected by such suspension stating that such declaration has been made, and the arrangement regarding the subscription and redemption applications received by the Manager.

- *Borrowings*: While borrowings may provide liquidity for a Fund, it will increase its operating expenses and hence would affect the performance of the Fund.
- *Adjustments to the Net Asset Value of the Funds*: Adjustments to the Net Asset Value of the Funds in determining the redemption price aim to allocate the costs of redemption to redeeming Unitholders. Investors should note that such costs of redemption charged to the redeeming Unitholders and so received by the Funds may be greater than or less than the actual costs of redemption incurred by the Funds.”

(3) VALUATION OF FUNDS AND UNIT PRICES

The second paragraph of the sub-section headed “**Suspension of Calculation of Net Asset Value**” of this section is deleted in its entirety and replaced by the following:

“Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in the Hong Kong Economic Times and The Standard (such notice will also be published at the Manager’s website www.hangsenginvestment.com), and/or cause a notice to be given to relevant Unitholders and to all those (whether Unitholders or not) whose applications to subscribe for or redeem Units shall have been affected by such suspension stating that such declaration has been made.”

(4) INVESTMENT MANAGEMENT

The last paragraph of this section is deleted in its entirety and replaced by the following:

“The members of the board of directors of Hang Seng Investment Management Limited are Andrew Fung Hau Chung, Lee Pui Shan, Luk Sai Lung, Ngan Man Kit, Andrew Leung Wing Lok, Victor Pang Yiu Hung and Sridhar Chandrasekharan.”

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

**Hang Seng Investment Series
(the “Series”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendment to the Explanatory Memorandum of the Series

We, as the Manager of the Series and the Funds, are writing to inform you that with effect from the date of this document, an update is made to the Explanatory Memorandum of the Series in respect of the disclosure of the risks for funds investing in equities.

For details of the amendment, please refer to the “Amendment to the Explanatory Memorandum of the Series” enclosed.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
30 November 2016

**Hang Seng Investment Series
(the “Series”)**

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendment to the Explanatory Memorandum of the Series

The following amendment is made to the Explanatory Memorandum of the Series with effect from the date of this document. This amendment forms part of and should be read in conjunction with the Explanatory Memorandum of the Series.

RISK FACTORS

The risk factor headed “*Risks for Funds investing in Equities*” under the sub-section headed “**Risks for Funds which are direct investment funds:**” is deleted in its entirety and replaced with the following:

“*Risks for Funds investing in Equities*”

Funds which invest in equities are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in local and global marketplace. Securities exchanges normally have the right to suspend or limit trading in any securities traded on the relevant exchanges under certain circumstances. A suspension or limitation on trading means liquidation of such securities is impossible or trading of such securities is limited during the relevant period and the Fund investing in these securities may be subject to losses.”

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
30 November 2016

Hang Seng Investment Series

Hang Seng China Equity Fund
Hang Seng China H-Share Index Fund
Hang Seng China H-Share Index Leveraged 150 Fund
Hang Seng China Index Fund
Hang Seng Consumer Sector FlexiPower Fund
Hang Seng Corporate Sustainability Index Fund
Hang Seng Financial Sector FlexiPower Fund
Hang Seng Index Fund
Hang Seng Index Leveraged 150 Fund
Hang Seng MidCap Index Fund
Hang Seng Property Sector FlexiPower Fund
(collectively the "Funds")

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Term Sheets of the Funds

We, as the Manager of the Funds, are writing to inform you that with effect from the date of this document, the Manager's dealing cut-off times as disclosed in the Term Sheets of the Funds are updated.

For details of the amendments, please refer to the "Amendments to the Term Sheets of the Funds" enclosed.

The updated Product Key Facts Statements of the Hang Seng China H-Share Index Fund, Hang Seng China Index Fund, Hang Seng Corporate Sustainability Index Fund, Hang Seng Index Fund and Hang Seng MidCap Index Fund are available at www.hangsenginvestment.com from the date of this document.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
30 November 2016

Hang Seng Investment Series

Hang Seng China Equity Fund
Hang Seng China H-Share Index Fund
Hang Seng China H-Share Index Leveraged 150 Fund
Hang Seng China Index Fund
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Hang Seng Index Fund
Hang Seng Index Leveraged 150 Fund
Hang Seng MidCap Index Fund
Hang Seng Property Sector FlexiPower Fund
(collectively the “Funds”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Term Sheets of the Funds

The following amendments are made to the Term Sheets of the Funds with effect from the date of this document. These amendments form part of and should be read in conjunction with the Term Sheets of the Funds.

1. (i) **Hang Seng China Equity Fund, Hang Seng China H-Share Index Leveraged 150 Fund, Hang Seng Consumer Sector FlexiPower Fund, Hang Seng Corporate Sustainability Index Fund, Hang Seng Financial Sector FlexiPower Fund, Hang Seng Index Leveraged 150 Fund**
- (ii) **Hang Seng China Index Fund, Hang Seng MidCap Index Fund, Hang Seng Property Sector FlexiPower Fund**

(a) **Issue of Units**

The second paragraph in the section headed “**Issue of Units**” in the Term Sheets of the Funds listed in point (i) above, and the fourth paragraph in the section headed “**Issue of Units**” in the Term Sheets of the Funds listed in point (ii) above are deleted in their entirety and replaced by the following:

“Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager before its cut-off time for receipt of subscription applications, which currently is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.”

(b) **Redemption and Switching of Units**

For the Funds listed in points (i) and (ii) above, the first paragraph in the section headed “**Redemption and Switching of Units**” in the Term Sheets is deleted in its entirety and replaced by the following:

“To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager before its cut-off time for receipt of redemption and switching applications, which currently is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.”

2. **Hang Seng Index Fund and Hang Seng China H-Share Index Fund**

Issue of Units

The fourth paragraph in the section headed “**Issue of Units**” in the Term Sheet of the Hang Seng Index Fund, and

the fifth paragraph in the section headed “**Issue of Units**” in the Term Sheet of the Hang Seng China H-Share Index Fund are deleted in their entirety and replaced by the following:

“For Class A and Class I Units, for each Dealing Day, there are 2 cut-off times for receipt of applications for subscription by the Manager, which currently are 12:00 noon (Hong Kong time) (the “Morning Cut-off Time”) and 4:00 p.m. (Hong Kong time) (the “Afternoon Cut-off Time”) respectively. Each of the Morning Cut-off Time and the Afternoon Cut-off Time as applicable to subscription applications is also referred to as a “Dealing Cut-off Time” which may, as determined by the Manager with prior agreement of the Trustee, be postponed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Session.”

3. Updated Index Information

As at 31 October 2016:

i. Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Fund and Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Leveraged 150 Fund

The Hang Seng China Enterprises Index (the “Index”)

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
3988	Bank of China Ltd - H Share	10.12
939	China Construction Bank Corporation - H Share	9.81
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.39
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	8.53
386	China Petroleum & Chemical Corporation - H Share	5.76
2628	China Life Insurance Co. Ltd. - H Share	5.73
857	PetroChina Co. Ltd. - H Share	4.50
1288	Agricultural Bank of China Ltd. - H Share	3.21
3968	China Merchants Bank Co. Ltd. - H Share	2.95
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	2.64

ii. Appendix 2 to the Term Sheet of Hang Seng China Index Fund

FTSE China 50 Index (the “Index”)

- The weighting of H Shares, Red Chip Shares and P Chip Shares in the Index was 68.39%, 19.57% and 12.04% respectively.
- The 50 constituent stocks of the Index are grouped under sectors of Financials, Telecommunications, Oil & Gas, Technology, Industrials, Consumer Goods, Utilities, Health Care, Basic Materials and Consumer Services.
- The respective weightings of the top 10 largest constituent stocks of the Index were as follows:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd. - P Chip	9.17
939	China Construction Bank Corporation - H Share	8.87
941	China Mobile Ltd. - Red Chip	8.20
1398	Industrial and Commercial Bank of China Ltd. - H Share	6.18
3988	Bank of China Ltd. - H Share	5.08
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	4.53
883	CNOOC Ltd. - Red Chip	4.11
386	China Petroleum & Chemical Corporation - H Share	3.92
2628	China Life Insurance Co. Ltd – H-Share	3.67
857	PetroChina Co. Ltd. - H Share	3.25

iii. Appendix 1 to the Term Sheet of Hang Seng Corporate Sustainability Index Fund

The Hang Seng Corporate Sustainability Index (the “Index”)

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
5	HSBC Holdings plc.	10.48
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.45
941	China Mobile Ltd.	9.26
3988	Bank of China Ltd. - H Share	8.30
1	CK Hutchison Holdings Ltd.	7.79

388	Hong Kong Exchanges and Clearing Ltd.	7.14
16	Sun Hung Kai Properties Ltd.	4.53
2	CLP Holdings Ltd.	4.49
823	Link Real Estate Investment Trust	3.73
3	Hong Kong and China Gas Co. Ltd.	3.48

iv. **Appendix 1 to the Term Sheet of Hang Seng Index Fund and Appendix 2 to the Term Sheet of Hang Seng Index Leveraged 150 Fund**

The Hang Seng Index (the “Index”)

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
5	HSBC Holdings plc	10.42
700	Tencent Holdings Ltd.	10.09
1299	AIA Group Ltd.	7.93
939	China Construction Bank Corporation - H Share	7.35
941	China Mobile Ltd.	7.34
1398	Industrial and Commercial Bank of China Ltd. - H Share	4.63
3988	Bank of China Ltd. - H Share	3.72
1	CK Hutchison Holdings Ltd.	3.49
388	Hong Kong Exchanges and Clearing Ltd.	3.20
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	2.87

v. **Appendix 1 to the Term Sheet of Hang Seng Midcap Index Fund**

The Hang Seng Composite MidCap Index (the “Index”)

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
1099	Sinopharm Group Co., Ltd. - H Share	2.22
175	Geely Automobile Holdings Ltd.	2.08
6030	CITIC Securities Co., Ltd. - H Share	1.74
1211	BYD Co., Ltd. - H Shares	1.61
1766	CRRC Corporation Ltd. - H Share	1.51
981	Semiconductor Manufacturing International Corporation	1.46
1776	GF Securities Co., Ltd. - H Shares	1.37
607	Fullshare Holdings Ltd.	1.34
2382	Sunny Optical Technology (Group) Co. Ltd.	1.33
6886	Huatai Securities Co., Ltd. - H Shares	1.32

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
30 November 2016

Hang Seng Investment Series

Hang Seng China 50 Index Fund
Hang Seng Taiwan Index Fund
Hang Seng American Index Fund
Hang Seng UK Index Fund
Hang Seng Continental European Index Fund
Hang Seng Japan Index Fund
Hang Seng Pacific Index Fund
(collectively, the “Funds”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Supplement to the Term Sheet of the Funds

This supplement forms part of and should be read in conjunction with the Term Sheet of the Funds.

Updated Index Information

As at 31 October 2016:

(i) Appendix 1 to the Term Sheet of Hang Seng China 50 Index Fund

The Hang Seng China 50 Index (the “Index”)

- The respective weightings of the top 10 largest constituent stocks of the Index were

Stock Code (Hong Kong Listed)	Stock Code (Mainland China Listed*)	Company Name	Weighting (%)
700	-	Tencent Holdings Ltd.	10.13
939	-	China Construction Bank Corporation - H Share	6.37
941	-	China Mobile Ltd.	6.37
-	601318	Ping An Insurance (Group) Co. of China Ltd. - A Share	4.51
1398	-	Industrial and Commercial Bank of China Ltd. - H Share	4.02
-	600016	China Minsheng Banking Co. Ltd. - A Share	3.45
3988	-	Bank of China Ltd. - H Share	3.23
-	601166	Industrial Bank Co. Ltd.	3.12
-	600036	China Merchants Bank Co. Ltd. - A Share	2.95
-	600000	Shang Pudong Development Bank Co. Ltd.	2.59

(ii) Appendix 1 to the Term Sheet of Hang Seng Taiwan Index Fund

FTSE TWSE Taiwan 50 Index (the “Index”)

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Ranking	Stock Name	Weighting (%)
1	Taiwan Semiconductor Manufacturing Co. Ltd.	31.08
2	Hon Hai Precision Industry Co. Ltd.	8.79
3	Formosa Plastics Corp.	2.88
4	Formosa Chemical & Fibre Corp.	2.84
5	Chunghwa Telecom Co. Ltd.	2.83
6	Largan Precision Co., Ltd	2.59
7	Nan Ya Plastics Corp.	2.58
8	Delta Electronics Inc.	2.50

9	Media Tek Inc.	2.41
10	Fubon Financial Holding Co. Ltd.	2.24

(iii) Appendix 1 to the Term Sheet of Hang Seng American Index Fund

The Standard & Poor's 500 Index (the "American Index")

- The American Index consists of the largest 506 companies by market capitalisation in the United States of America. The largest sector is the Information Technology sector with weighting of 21.60%, followed by the Health Care sector with weighting of 14.00%.
- The respective weightings of the top 10 largest constituent stocks of the American Index were:

Ranking	Stock Name	Weighting (%)
1	Apple Inc	3.33
2	Microsoft Corp	2.54
3	Exxon Mobil	1.88
4	Johnson & Johnson Co	1.73
5	Amazon.com Inc	1.69
6	Facebook Inc	1.66
7	Berkshire Hathaway	1.49
8	General Electric Co	1.42
9	JP Morgan Chase & Co	1.36
10	Alphabet Inc	1.30

(iv) Appendix 1 to the Term Sheet of Hang Seng UK Index Fund

The FTSE 100 Index (the "UK Index")

- The UK Index consists of the top 101 stocks in market capitalisation in the United Kingdom. The largest sector is the Financials sector with weighting of 20.69%, followed by the Consumer Goods sector with weighting of 17.44%.
- The respective weightings of the top 10 largest constituent stocks of the UK Index were:

Ranking	Stock Name	Weighting (%)
1	HSBC Holdings	6.96
2	BP	5.18
3	Royal Dutch Shell – A	5.03
4	British American Tobacco	4.98
5	Royal Dutch Shell - B	4.51
6	GlaxoSmithKline	4.48
7	Vodafone Group	3.40
8	AstraZeneca	3.30
9	Diageo	3.13
10	Reckitt Benckiser Group	2.62

(v) Appendix 1 to the Term Sheet of Hang Seng Continental European Index Fund

The FTSE Developed Europe ex UK Index (the "Continental European Index")

- The Continental European Index consists of 396 stocks in 14 European developed markets excluding the United Kingdom, namely, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland. The largest sector is the Financials sector with weighting of 21.14%, followed by the Consumer Goods sector with weighting of 20.05%.
- The respective weightings of the top 10 largest constituent stocks of the Continental European Index were:

Ranking	Stock Name	Weighting (%)
1	Nestle	4.19
2	Novartis (REGD)	3.15
3	Roche Hldgs (GENUS)	3.03
4	Total	1.93
5	Anheuser-Busch InBev	1.71
6	Sanofi	1.63

7	Siemens AG	1.62
8	Bayer AG	1.53
9	BASF	1.52
10	SAP	1.47

(vi) Appendix 1 to the Term Sheet of Hang Seng Japan Index Fund

The FTSE Japan Index (the "Japan Index")

- The Japan Index consists of 493 Japanese stocks. The largest sector is the Consumer Goods sector with weighting of 25.53%, followed by the Industrials sector with weighting of 21.54%.
- The respective weightings of the top 10 largest constituent stocks of the Japan Index were:

Ranking	Stock Name	Weighting (%)
1	Toyota Motor	4.88
2	Mitsubishi UFJ Financial	2.17
3	KDDI Corp	1.74
4	Softbank Group	1.67
5	Honda Motor Co	1.66
6	Japan Tobacco	1.41
7	Sumitomo Mitsui Financial Group	1.39
8	Mizuho Financial Group	1.30
9	Sony Corp	1.24
10	Fanuc	1.13

(vii) Appendix 1 to the Term Sheet of Hang Seng Pacific Index Fund

The FTSE World Asia Pacific ex Japan Index (the "Pacific Index")

- The Pacific Index consists of 8 markets and 539 stocks in the Pacific Basin (excluding Japan) namely, Australia, Hong Kong, Malaysia, New Zealand, Singapore, South Korea, Taiwan and Thailand. The largest sector is the Financials sector with weighting of 35.49%, followed by the Consumer Goods sector with weighting of 13.45%.
- The respective weightings of the top 10 largest constituent stocks of the Pacific Index were:

Ranking	Stock Name	Weighting (%)
1	Samsung Electronics	4.90
2	Taiwan Semiconductor Manufacturing	4.84
3	Commonwealth Bank of Australia	3.21
4	Westpac Banking Corp	2.61
5	AIA Group Ltd.	2.57
6	Australia & New Zealand Banking Group	2.08
7	National Australia Bank	1.91
8	BHP Billiton Ltd	1.91
9	Hon Hai Precision Industry	1.37
10	CSL	1.18

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Series

Hang Seng Global Bond Fund

Hang Seng Hong Kong Bond Fund

Hang Seng Mainland and Hong Kong Corporate Bond Fund

Hang Seng Mainland China Bond Fund

(each a “Fund”, collectively the “Funds”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Term Sheets of the Funds

The following amendments are made to the Term Sheets of the Funds with effect from the date of this document. These amendments form part of and should be read in conjunction with the respective Term Sheets of the Funds.

Distribution Policy

(i) **Hang Seng Global Bond Fund, Hang Seng Hong Kong Bond Fund, Hang Seng Mainland China Bond Fund**

The section headed “Distribution Policy” is deleted in its entirety and replaced with the following:

“Distribution Policy

Both Income Units and Accumulation Units are available for issue.

Income Units

Income Units are Units that distribute income.

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager may amend this subject to the prior approval of the SFC and by giving not less than one month’s prior notice to the relevant Unitholders.

The Manager currently intends to make declaration of distribution on a monthly basis. Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager. The Manager may amend the frequency of distribution by giving not less than one month’s prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund’s capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangsenginvestment.com.

Accumulation Units

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.”

(ii) Hang Seng Mainland and Hong Kong Corporate Bond Fund

The section headed “Distribution Policy” is deleted in its entirety and replaced with the following:

“Distribution Policy

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager may amend this subject to the prior approval of the SFC and by giving not less than one month’s prior notice to the relevant Unitholders.

The Manager currently intends to make declaration of distribution on a monthly basis. Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager. The Manager may amend the frequency of distribution by giving not less than one month’s prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund’s capital may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangsenginvestment.com.”

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
29 July 2016

Hang Seng Investment Series

Hang Seng Global Bond Fund
Hang Seng Hong Kong Bond Fund
Hang Seng Mainland and Hong Kong Corporate Bond Fund
Hang Seng Mainland China Bond Fund
(each a “Fund”, collectively the “Funds”)

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Change in Distribution Frequency of the relevant Classes of Units of the Funds

We, as the Manager of the Funds, are writing to inform you of a change in distribution frequency of the following classes of Units of the Funds:

	<u>Fund Name</u>	<u>Relevant Class(es) of Units</u>
a.	Hang Seng Global Bond Fund	Income Units (Class A) Income Units (Class I)
b.	Hang Seng Hong Kong Bond Fund	Income Units (Class A) Income Units (Class I) Income Units (Class Z)
c.	Hang Seng Mainland and Hong Kong Corporate Bond Fund	Class A Units
d.	Hang Seng Mainland China Bond Fund	Income Units (Class A) Income Units (Class I)

1. Change in Distribution Frequency

Currently, in respect of the relevant classes of Units of the Funds as set out above, declaration of distribution is made on a semi-annual basis (i.e. June and December in each year). With a view to enhancing the marketability of the Funds by having the ability to declare distribution on a more frequent basis, we have decided to change the distribution frequency of the relevant classes of Units of the Funds from semi-annually to monthly and such change shall take effect on and from 29 July 2016 (the “Effective Date”). The first dividend determination date under the new distribution frequency (i.e. monthly) will be 29 July 2016 and Unitholders of the relevant classes of Units who are on the Register of the Funds as of that date will be entitled to the distribution so declared (if any).

As disclosed in the respective Term Sheets of the Funds, in respect of each Fund, the Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value per Unit of the relevant class(es) of Units of the Fund.

2. Impact of the change to Unitholders

After the change in distribution frequency from semi-annually to monthly, it is expected that Unitholders of the relevant classes of Units of the Funds can receive more frequent distributions (if any) with smaller dollar amount per distribution. For the avoidance of doubt, the investment objective and investment strategy of the Funds remain the same. Each distribution from the Funds will continue to be made in the form of cash payment. The costs relating to the change in distribution frequency will be borne by us, as the Manager of the Funds. The Trustee has no objection to the change in distribution frequency of the relevant Classes of Units of the Funds as set out above.

3. Amendments to the offering documents

The respective Term Sheets and the Product Key Facts Statements of the Funds will be updated to reflect the above change, and to reflect that under the current regulatory regime, the prior approval of the SFC is no longer required for such change. The amendments to the Term Sheets of the Funds and the updated Product Key Facts Statements of the Funds will be available at our website on the Effective Date.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
22 June 2016

**Hang Seng Investment Series
(the “Series”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial and tax advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Explanatory Memorandum of the Series

We refer to the Notice to Unitholders dated 17 December 2015 and write to inform you that the relevant disclosures relating to PRC tax risks in the Explanatory Memorandum of the Series have been updated. Please refer to the “Amendments to the Explanatory Memorandum of the Series” enclosed for details.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
23 May 2016

**Hang Seng Investment Series
(the “Series”)**

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Explanatory Memorandum of the Series

The following amendments are made to the Explanatory Memorandum of the Series with effect from the date of this document. These amendments form part of and should be read in conjunction with the Explanatory Memorandum of the Series.

TAXATION AND REGULATORY REQUIREMENTS

The sub-section headed “The People's Republic of China” is deleted in its entirety and replaced with the following:

“The People’s Republic of China

For a Fund that invests in shares or securities (including debt securities/bonds) of which the incomes (such as dividend income or interest income, as the case may be) are derived from the mainland China (including shares of, or securities issued by, PRC tax resident enterprises (i.e. companies incorporated in the mainland China or incorporated elsewhere but with their effective management located in the mainland China), irrespective of where such shares or securities are issued or whether such shares or securities are listed on a stock exchange in the mainland China or elsewhere or unlisted) (collectively “PRC Securities”), that Fund may be subject to withholding of PRC Enterprise Income Tax (“WIT”) and other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to WIT. As such, in respect of a Fund's investments in H-shares, B-shares or certain red chips shares or a Fund's investments through a Qualified Foreign Institutional Investor (“QFII”) (such as A-shares, mainland China debt securities and other permissible mainland China investment instruments prescribed by the relevant QFII rules and regulations) of which the incomes (such as dividends on, or interest income from, such investments, as the case may be) are derived from the mainland China, if any, it is subject to WIT; and such WIT may reduce the income from, and/or adversely affect the performance of that Fund.

In light of the “Circular on issues concerning the temporary exemption from the imposition of the PRC Enterprise Income Tax on gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments such as PRC domestic stocks” (Caishui [2014] No.79) promulgated by the Ministry of Finance, State Administration of Taxation of the PRC and the China Securities Regulatory Commission on 31 October 2014, the tax reporting and the tax treaty application to Shanghai tax authority, the tax position for the relevant Funds has become clearer (for details, please refer to the Term Sheets of the relevant Funds). However, investors should note that the aforesaid tax reporting and tax treaty application were made in accordance with the prevailing tax rules and practices of the

Shanghai tax authority as at the time of submission. The Net Asset Value of the relevant Fund may require further adjustment to take into account any retrospective application of new PRC tax regulations and development, including any change or difference in interpretation of the relevant regulations by the PRC tax authorities.

There are still uncertainties as to the application of the PRC Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to whether gains on disposal of H-shares/certain red chips shares, or investments in other PRC Securities, would be subject to WIT and if so, whether such WIT will apply retrospectively). It is also uncertain as to whether a relevant Fund may be subject to other taxes imposed in the mainland China in respect of its investments in the relevant PRC Securities. To ensure fairness to all Unitholders, the Manager reserves the right to make any provision for taxes or to deduct or to withhold an amount on account of taxes (for which a relevant Fund may be directly or indirectly liable to the PRC tax authorities in respect of its investments in the relevant PRC Securities) from assets of a relevant Fund as it considers appropriate. The tax rate and amount of such provision/deduction/withholding for taxes for the relevant Fund will be disclosed in the Term Sheet and annual financial reports for the relevant Fund respectively.

Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. A relevant Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in that Fund.

Any provision for taxes made or withheld by the Manager may be more than or less than a relevant Fund's actual PRC tax liabilities. In case of a difference between that Fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from that Fund's assets (as the case may be). As a result, the income from, and/or the performance of that Fund may/may not be adversely affected and the impact/degree of impact on individual Unitholders of that Fund may vary, depending on factors such as the level of that Fund's provision for taxes and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in that Fund."

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
23 May 2016

Hang Seng Investment Series

Hang Seng China Equity Fund
Hang Seng Property Sector FlexiPower Fund
Hang Seng Financial Sector FlexiPower Fund
Hang Seng Consumer Sector FlexiPower Fund
Hang Seng China B-Share Focus Fund
Hang Seng China 50 Index Fund
Hang Seng Mainland China Bond Fund
(collectively the “Funds”)

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial and tax advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendments to the Term Sheets of the Funds

We refer to the Notice to Unitholders dated 17 December 2015 and write to inform you that the relevant disclosures relating to PRC tax risks in the Term Sheets of the Funds have been updated. Please refer to the “Amendments to the Term Sheets of the Funds” enclosed for details. The updated Product Key Facts Statements of the Funds are available at www.hangsenginvestment.com.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
23 May 2016

Hang Seng Investment Series

Hang Seng China Equity Fund
Hang Seng Property Sector FlexiPower Fund
Hang Seng Financial Sector FlexiPower Fund
Hang Seng Consumer Sector FlexiPower Fund
Hang Seng China B-Share Focus Fund
Hang Seng China 50 Index Fund
Hang Seng Mainland China Bond Fund
(collectively, the “Funds”)

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Term Sheets of the Funds

The following amendments are made to the Term Sheets of the Funds with effect from the date of this document. These amendments form part of and should be read in conjunction with the respective Term Sheets of the Funds.

(1) Risk Factors

- (i) **Hang Seng China Equity Fund, Hang Seng Property Sector FlexiPower Fund, Hang Seng Financial Sector FlexiPower Fund, Hang Seng Consumer Sector FlexiPower Fund, Hang Seng China B-Share Focus Fund and Hang Seng China 50 Index Fund**

The risk factor headed “PRC Tax Risk” is deleted in its entirety and replaced with the following:

“PRC Tax Risk

Investors should note that where the Fund invests in shares (e.g. H-shares, certain red chip shares, A-shares through QFII and/or B-shares) (collectively “PRC Securities”) of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of PRC Enterprise Income Tax (“WIT”) imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to WIT at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund’s investments in PRC Securities of which the incomes are derived from the mainland China, if any, the Fund is subject to WIT; and such WIT will reduce the income from the Fund and adversely affect the performance of the Fund.

- (a) Dividend income – Investors should note that where PRC sourced passive income (such as dividend income) arises from the Fund’s investment in the PRC Securities, if any, the Fund is subject to WIT imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China. The entity distributing or paying such PRC sourced passive income is required to withhold the enterprise income tax.

The Manager reserves the right to make relevant provision on dividends if the enterprise income tax is not withheld at source.

- (b) Capital gains

Investments in A-shares through QFII

The Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission of the PRC have jointly issued Caishui [2014] No.79 dated 31 October 2014 – “The Circular on Issues Concerning the Temporary Exemption from the Imposition of PRC Enterprise Income Tax on Gains Derived by QFIIs and Renminbi Qualified Foreign Institutional Investors (“RQFIIs”) from the Transfer of PRC Equity Interest Investments such as PRC Domestic Stocks” (the “Circular 79”). The Circular 79 states that: (i) with effect from 17 November 2014, gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments such as PRC domestic stocks are temporarily exempt from the PRC Enterprise Income Tax; and (ii) PRC

Enterprise Income Tax is imposed on the said gains derived by QFIIs and RQFIIs prior to 17 November 2014 in accordance with law. The Circular 79 applies to QFIIs and RQFIIs without an establishment or place in the mainland China or where the QFII/RQFII has an establishment or place in the mainland China, the said gains are not actually connected to such establishment or place in the mainland China.

In light of the Circular 79, the Manager has not made any provision for taxes or deducted or withheld any amount on account of taxes in respect of gains derived from the Fund's investments in A-shares through QFII from assets of the Fund on and from 17 November 2014.

Hang Seng Bank Limited, as the QFII through which the Fund invests in A-shares, submitted required information and documents to the Shanghai tax authority in July 2015 to report the WIT payable on gross realised capital gains derived from trading of immovable properties-rich A-shares using its QFII quota and applied for WIT exemption on gross realised capital gains derived from trading of A-shares which are non-immovable properties-rich companies under the *Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income* ("China-HK Arrangement") using its QFII quota during the period from 17 November 2009 to 16 November 2014.

The Shanghai tax authority completed the review on the aforesaid tax reporting and tax treaty application in September 2015. It issued a document on its official website showing the tax treaty application result. According to the document, Shanghai tax authority indicates that it agrees with the tax treaty application. In other words, the gross realised capital gains derived by the Fund from trading of A-shares which are non-immovable properties-rich companies via Hang Seng Bank Limited using its QFII quota during the period from 17 November 2009 to 16 November 2014 are eligible for the WIT exemption under the China-HK Arrangement.

The Fund has settled its actual WIT liability with regard to the gross realised capital gains derived by the Fund from trading of A-shares which are immovable properties-rich companies via Hang Seng Bank Limited using its QFII quota for the period from 17 November 2009 to 16 November 2014. On 16 December 2015, a reversal of the excess of the Fund's WIT provision over the Fund's actual WIT liability with regard to the gross realised capital gains derived by the Fund from trading of A-shares for the said period was conducted.

Since the tax reporting and tax treaty application were made for the period from 17 November 2009 to 16 November 2014 and in respect of the investments in A-shares through QFII only and there are still uncertainties as to the application of such tax relief in respect of the gains realised on the disposals of the Funds' investments in A-shares through QFII before 17 November 2009, the part of the WIT previously provided on the gains derived by the Fund from the disposals of the Fund's investments in A-shares through QFII prior to 17 November 2009 will continue to be withheld by the Fund. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

Investors should note that the aforesaid tax reporting and tax treaty application were made in accordance with the prevailing tax rules and practices of the Shanghai tax authority as at the time of submission. The Net Asset Value of the Fund may require further adjustment to take into account any retrospective application of new PRC tax regulations and development, including any change or difference in interpretation of the relevant regulations by the PRC tax authority.

Investments in B-shares

On 16 December 2015, a reversal of all WIT provisions made on realised gains derived from the disposals of the Fund's investments in B-shares was conducted and the Fund ceased to make WIT provision on the realised gains derived from the disposal of its investments in B-shares (if any) on and from that date.

There are still uncertainties as to the application of the PRC Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to whether gains realised on the disposals of the Fund's investments in H-shares and/or certain red chip shares would be subject to WIT and if so, whether such WIT will apply retrospectively).

Any provision for taxes made or withheld by the Manager may be more than or less than the Fund's actual PRC tax liabilities. Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such adjustments to the amount of provision for taxes as it considers necessary as soon as practicable. In case of a difference between the Fund's provision for taxes and its actual PRC tax liabilities, the relevant

amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance of, the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund's provision for taxes and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund.

If the Fund's actual PRC tax liabilities are higher than the provision for taxes made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and subsequent Unitholders will be disadvantaged.

On the other hand, if the Fund's actual PRC tax liabilities are lower than the provision for taxes made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority's ruling, decision, announcement, circular or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and subsequent Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is no assurance that any tax incentive measures which are applicable to the Fund's investment in A-shares through QFII (such as current exemption of business tax to QFIIs on gains on disposal of investment in A-shares through QFII) will not be repealed. It should also be noted that the Circular 79 states the exemption from the imposition of PRC Enterprise Income Tax on gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments is temporary. As of the date of this document, it is uncertain as to when the exemption under the Circular 79 will be expired in which case the Fund may need to recommence/make the provision for taxes on the said gains. This may have a significant negative impact to the Net Asset Value of the Fund. Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in PRC Securities of which the incomes are derived from the mainland China are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in PRC Securities of which the incomes are derived from the mainland China."

(ii) Hang Seng Mainland China Bond Fund

The risk factor headed "PRC Tax Risk" is deleted in its entirety and replaced with the following:

"PRC Tax Risk

Investors should note that where the Fund invests in debt securities and other permissible investments prescribed by the relevant QFII rules and regulations through QFII (the "Investments through QFII") of which the incomes (such as interest income) are derived from the mainland China, if any, the Fund is subject to withholding of PRC Enterprise Income Tax ("WIT") imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to WIT at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's Investments through QFII of which the incomes are derived from the mainland China, if any, the Fund is subject to WIT; and such WIT will reduce the income from the Fund and adversely affect the performance of the Fund.

- (a) Interest income – Investors should note that where PRC sourced passive income (such as interest income) arises from the Fund's Investments through QFII, if any, the Fund is subject to WIT imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China. Under the PRC Enterprise Income Tax Law, interests derived from government bonds are exempt from the PRC enterprise income tax. The entity distributing or paying such PRC sourced passive income is required to withhold the enterprise income tax.

The Manager reserves the right to make relevant provision on interest if the enterprise income tax is not withheld at source.

- (b) Capital gains - Hang Seng Bank Limited, as the QFII through which the Fund invests in mainland listed bonds, in accordance with the independent professional tax advice it obtained, submitted a “nil” basis WIT return to the Shanghai tax authority in July 2015 to report the gross realised capital gains derived from trading of mainland listed bonds of the Fund using its QFII quota during the period from 17 November 2009 to 16 November 2014 on the basis that such gains are not subject to WIT and the Shanghai tax authority endorsed the said nil basis WIT return.

Subsequently, on 16 December 2015, a reversal of all the WIT provisions made on realised gains derived from the disposals of the Fund’s investments in mainland listed bonds through QFII was conducted and the Fund ceased to make WIT provisions on realised gains derived from the disposals of its investments in mainland listed bonds through QFII (if any) on and from that date.

Investors should note that the aforesaid tax reporting was made in accordance with the prevailing tax rules and practices of the Shanghai tax authority as at the time of submission. The Net Asset Value of the Fund may require further adjustment to take into account any retrospective application of new PRC tax regulations and development, including any change or difference in interpretation of the relevant regulations by the PRC tax authority.

There are still uncertainties as to the application of the PRC Enterprise Income Tax Law and its implementation rules. Where no provision is made by the Manager in relation to all or part of the actual tax levied by the relevant PRC tax authority in future, investors should note that the Net Asset Value of the Fund may be lowered, as the Fund will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged. The Manager reserves the right to provide for WIT and withhold the tax for the account of the Fund if so warranted.

There is no assurance that any tax incentive measures which are applicable to the Fund’s Investments through QFII (such as current exemption of business tax to QFIIs on gains on disposal of the Fund’s Investments through QFII) will not be repealed. Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund’s Investments through QFII are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund’s Investments through QFII.”

(2) Updated Index Information for Hang Seng China 50 Index Fund

Appendix 1 - The Hang Seng China 50 Index (the “Index”)

As at 25 April 2016, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code (Hong Kong Listed)	Stock Code (Mainland China Listed*)	Company Name	Weighting (%)
700	-	Tencent Holdings Ltd.	10.49
941	-	China Mobile Ltd.	6.70
939	-	China Construction Bank Corporation - H Share	5.05
-	601318	Ping An Insurance (Group) Co. of China Ltd. - A Share	4.53
-	600016	China Minsheng Banking Co. Ltd. - A Share	3.81
1398	-	Industrial and Commercial Bank of China Ltd. - H Share	3.78
-	600036	China Merchants Bank Co. Ltd. - A Share	3.72
3988	-	Bank of China Ltd. – H Share	3.03
-	601166	Industrial Bank Co. Ltd.	2.87
-	600000	Shang Pudong Development Bank Co. Ltd.	2.64

* Listed on the Shanghai Stock Exchange

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Series

Hang Seng Index Fund
Hang Seng Midcap Index Fund
Hang Seng China Index Fund
Hang Seng China H-Share Index Fund
Hang Seng Corporate Sustainability Index Fund
Hang Seng Index Leveraged 150 Fund
Hang Seng China H-Share Index Leveraged 150 Fund
Hang Seng Taiwan Index Fund
Hang Seng American Index Fund
Hang Seng UK Index Fund
Hang Seng Continental European Index Fund
Hang Seng Japan Index Fund
Hang Seng Pacific Index Fund
(collectively, the “Funds”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Supplement to the Term Sheet of the Funds

This supplement forms part of and should be read in conjunction with the Term Sheet of the Funds.

Updated Index Information

As at 25 April 2016:

(i) **Appendix 1 to the Term Sheet of Hang Seng Index Fund and Appendix 2 to the Term Sheet of Hang Seng Index Leveraged 150 Fund**

The Hang Seng Index (the “Index”)

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd.	10.27
5	HSBC Holdings plc	9.81
1299	AIA Group Ltd.	8.14
941	China Mobile Ltd.	7.94
939	China Construction Bank Corporation – H Share	5.99
1398	Industrial and Commercial Bank of China Ltd. – H Share	4.48
1	CK Hutchison Holdings Ltd.	3.72
3988	Bank of China Ltd. – H Share	3.60
388	Hong Kong Exchanges and Clearing Ltd.	3.28
2318	Ping An Insurance (Group) Co. of China Ltd. – H Share	2.75

(ii) **Appendix 1 to the Term Sheet of Hang Seng Midcap Index Fund**

The Hang Seng Composite Midcap Index (the “Index”)

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
1099	Sinopharm Group Co., Ltd. - H Share	2.04
6030	CITIC Securities Co., Ltd. - H Share	1.79
6837	Haitong Securities Co., Ltd. - H Share	1.78
1766	CRRC Corporation Ltd. - H Share	1.58
1093	CSPC Pharmaceutical Group Ltd.	1.50
1776	GF Securities Co., Ltd. - H Shares	1.50
3699	Dalian Wanda Commercial Properties Co., Ltd. - H Shares	1.48
586	China Conch Venture Holdings Ltd.	1.41

6886	Huatai Securities Co., Ltd. - H Shares	1.40
1211	BYD Co., Ltd. - H Shares	1.37

(iii) Appendix 2 to the Term Sheet of Hang Seng China Index Fund

FTSE China 50 Index (the "Index")

- The weighting of H Shares, Red Chip Shares and P Chip Shares in the Index was 67.12%, 21.35% and 11.53% respectively.
- The 50 constituent stocks of the Index are grouped under sectors of Financials, Telecommunications, Oil & Gas, Technology, Industrials, Consumer Goods, Utilities, Basic Materials and Consumer Services.
- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd. - P Chip	9.24
941	China Mobile Ltd. - Red Chip	8.96
939	China Construction Bank Corporation - H Share	8.51
1398	Industrial and Commercial Bank of China Ltd. - H Share	6.12
3988	Bank of China Ltd - H Share	5.03
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	4.54
883	CNOOC Ltd. - Red Chip	4.22
386	China Petroleum & Chemical Corporation - H Share	3.83
2628	China Life Insurance Co. Ltd – H-Share	3.76
857	Petrochina Co. Ltd. - H Share	3.45

(iv) Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Fund and Hang Seng China H-Share Index Leveraged 150 Fund

The Hang Seng China Enterprises Index (the "Index")

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
939	China Construction Bank Corporation - H Share	9.80
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.78
3988	Bank of China Ltd - H Share	9.68
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	8.08
2628	China Life Insurance Co. Ltd – H-Share	5.79
386	China Petroleum & Chemical Corporation - H Share	5.77
857	Petrochina Co. Ltd. - H Share	4.97
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	2.95
1288	Agricultural Bank of China Ltd. - H Share	2.91
3968	China Merchants Bank Co. Ltd. - H Share	2.75

(v) Appendix 1 to the Term Sheet of Hang Seng Corporate Sustainability Index Fund

The Hang Seng Corporate Sustainability Index (the "Index")

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
941	China Mobile Ltd.	10.15
5	HSBC Holdings plc.	9.94
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.84
1	CK Hutchison Holdings Ltd.	8.17
3988	Bank of China Ltd. - H Share	7.90
388	Hong Kong Exchanges and Clearing Ltd.	7.19
16	Sun Hung Kai Properties Ltd.	4.46
2	CLP Holdings Ltd.	4.33
823	Link REIT	3.40
6	Power Assets Holdings Ltd.	3.38

(vi) Appendix 1 to the Term Sheet of Hang Seng Taiwan Index Fund

FTSE TWSE Taiwan 50 Index (the "Index")

- The respective weightings of the top 10 largest constituent stocks of the Index were:

Ranking	Stock Name	Weighting (%)
1	Taiwan Semiconductor Manufacturing Co. Ltd.	29.07
2	Hon Hai Precision Industry Co. Ltd.	8.42
3	Chunghwa Telecom Co. Ltd.	3.27
4	Formosa Plastics Corp.	3.09
5	Formosa Chemical & Fibre Corp.	2.85
6	Nan Ya Plastics Corp.	2.84
7	Media Tek Inc.	2.56
8	Delta Electronics Inc.	2.54
9	Fubon Financial Holding Co. Ltd.	2.23
10	Cathay Financial Holding Co. Ltd.	2.22

(vii) Appendix 1 to the Term Sheet of Hang Seng American Index Fund

The Standard & Poor's 500 Index (the "American Index")

- The American Index consists of the largest 505 companies by market capitalisation in the United States of America. The largest sector is the Information Technology sector with weighting of 20.15%, followed by the Financials sector with weighting of 16.06%.
- The respective weightings of the top 10 largest constituent stocks of the American Index were:

Ranking	Stock Name	Weighting (%)
1	Apple Inc	3.02
2	Microsoft Corp	2.26
3	Exxon Mobil	1.98
4	Johnson & Johnson Co	1.72
5	General Electric Co	1.57
6	Berkshire Hathaway	1.50
7	Facebook Inc	1.39
8	Amazon.com Inc	1.33
9	AT&T inc	1.29
10	JP Morgan Chase & Co	1.28

(viii) Appendix 1 to the Term Sheet of Hang Seng UK Index Fund

The FTSE 100 Index (the "UK Index")

- The UK Index consists of the top 101 stocks in market capitalisation in the United Kingdom. The largest sector is the Financials sector with weighting of 20.55%, followed by the Consumer Goods sector with weighting of 20.22%.
- The respective weightings of the top 10 largest constituent stocks of the UK Index were:

Ranking	Stock Name	Weighting (%)
1	HSBC Holdings	5.56
2	British American Tobacco	4.81
3	Royal Dutch Shell – A	4.59
4	GlaxoSmithKline	4.44
5	BP	4.13
6	Royal Dutch Shell - B	4.10
7	Vodafone Group	3.74
8	AstraZeneca	3.19
9	Diageo	2.95
10	Lloyds Banking Group	2.68

(ix) Appendix 1 to the Term Sheet of Hang Seng Continental European Index Fund

The FTSE Developed Europe ex UK Index (the "Continental European Index")

- The Continental European Index consists of 390 stocks in 15 European developed markets excluding the United Kingdom, namely, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland. The largest sector is the Financials sector with weighting of 21.19%, followed by the Consumer Goods sector with weighting of 19.82%.
- The respective weightings of the top 10 largest constituent stocks of the Continental European Index were:

Ranking	Stock Name	Weighting (%)
1	Nestle	4.23
2	Roche Hldgs (GENUS)	3.26

3	Novartis (REGD)	2.97
4	Novo-Nordisk B	1.89
5	Total	1.87
6	Anheuser-Busch InBev	1.87
7	Bayer AG	1.86
8	Sanofi	1.82
9	Siemens AG	1.49
10	Allianz SE	1.44

(x) Appendix 1 to the Term Sheet of Hang Seng Japan Index Fund

The FTSE Japan Index (the "Japan Index")

- The Japan Index consists of 483 Japanese stocks. The largest sector is the Consumer Goods sector with weighting of 24.55%, followed by the Industrials sector with weighting of 20.15%.
- The respective weightings of the top 10 largest constituent stocks of the Japan Index were:

Ranking	Stock Name	Weighting (%)
1	Toyota Motor	5.16
2	Mitsubishi UFJ Financial	2.53
3	KDDI Corp	1.91
4	Softbank Group	1.83
5	Honda Motor Co	1.79
6	Sumitomo Mitsui Financial Group	1.54
7	Japan Tobacco	1.51
8	Mizuho Financial Group	1.42
9	Takeda Pharmaceutical	1.33
10	East Japan Railway	1.21

(Xi) Appendix 1 to the Term Sheet of Hang Seng Pacific Index Fund

The FTSE World Asia Pacific ex Japan Index (the "Pacific Index")

- The Pacific Index consists of 8 markets and 548 stocks in the Pacific Basin (excluding Japan) namely, Australia, Hong Kong, Malaysia, New Zealand, Singapore, South Korea, Taiwan and Thailand. The largest sector is the Financials sector with weighting of 36.43%, followed by the Consumer Goods sector with weighting of 13.11%.
- The respective weightings of the top 10 largest constituent stocks of the Pacific Index were:

Ranking	Stock Name	Weighting (%)
1	Taiwan Semiconductor Manufacturing	4.13
2	Samsung Electronics	4.11
3	Commonwealth Bank of Australia	3.48
4	Westpac Banking Corp	2.84
5	AIA Group Ltd	2.60
6	National Australia Bank	1.98
7	Australia & New Zealand Banking	1.93
8	BHP Billiton Ltd	1.79
9	CSL	1.32
10	Wesfarmers	1.28

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

**Hang Seng Investment Series
(the “Series”)**

**Hang Seng China Equity Fund
Hang Seng Property Sector FlexiPower Fund
Hang Seng Financial Sector FlexiPower Fund
Hang Seng Consumer Sector FlexiPower Fund
Hang Seng China B-Share Focus Fund
Hang Seng China 50 Index Fund
(collectively, the “Funds”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial and tax advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series and Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

**Reversal of the Funds’ PRC tax provisions in A-shares and/or B-shares and
Changes of the Funds’ PRC tax provisioning policy in B-shares**

We, as the Manager of the Funds, are writing to inform you reversal of the Funds’ PRC tax provisions in A-shares and/or B-shares and changes of the Funds’ PRC tax provisioning policy in respect of the Funds’ investments in B-shares.

(1) Background

(a) Investments in A-shares through QFII

As disclosed in the notices dated 21 November 2014, (i) the Funds ceased to make provision for PRC Enterprise Income Tax (“PRC EIT”) on gains derived from the disposals of the Funds’ investments in A-shares through Qualified Foreign Institutional Investor (“QFII”) (if any) on and from 17 November 2014; (ii) the PRC EIT previously provided on the gains derived by the Funds from the disposals of the Funds’ investments in A-shares through QFII (if any) prior to 17 November 2014 would continue to be withheld by the Funds (the “Provision”); and (iii) in relation to Hang Seng China 50 Index Fund, this Fund ceased to make provision for the PRC EIT on the revaluation gains (if any) of A-shares invested through QFII on and from 17 November 2014 and the PRC EIT previously provided on revaluation gains of this Fund’s investment in A-shares through QFII as of 14 November 2014 was reversed on 17 November 2014.

Review of the tax reporting and tax treaty application package by the Shanghai tax authority on QFII’s investments in A-shares and the payment of withholding tax (“WIT”)

Hang Seng Bank Limited, as the QFII through which the relevant Funds invest in A-shares, submitted required information and documents to the Shanghai tax authority in July 2015 to report the WIT payable on gross realised capital gains derived from trading of immovable properties-rich A-shares using its QFII quota and applied for WIT exemption on gross realised capital gains derived from trading of A-shares which are non-immovable properties-rich companies under the *Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of*

Fiscal Evasion with respect to Taxes on Income (“China-HK Arrangement”) using its QFII quota during the period from 17 November 2009 to 16 November 2014.

The Shanghai tax authority completed the review on the aforesaid tax reporting and tax treaty application in September 2015. It issued a document on its official website showing the tax treaty application result. According to the document, Shanghai tax authority indicates that it agrees with the tax treaty application. In other words, the gross realised capital gains derived by the relevant Funds from trading of A-shares which are non-immovable properties-rich companies via Hang Seng Bank Limited using its QFII quota during the period from 17 November 2009 to 16 November 2014 are eligible for the WIT exemption under the China-HK Arrangement. The amount of WIT which has been paid after the aforesaid tax reporting was made by each of the relevant Funds (the “Actual WIT Liability”) is set out below:

	Actual WIT Liability (RMB)
Hang Seng Property Sector FlexiPower Fund	867.50
Hang Seng Financial Sector FlexiPower Fund*	Nil
Hang Seng Consumer Sector FlexiPower Fund*	Nil
Hang Seng China B-Share Focus Fund*	Nil
Hang Seng China 50 Index Fund	22,805.66

* Since in respect of this Fund, the investments in A-shares were non-immovable properties-rich companies during the period from 17 November 2009 to 16 November 2014, no WIT is payable by this Fund.

(b) Investments in B-shares

Currently, in respect of the Funds’ investments in B-shares, the Manager makes a 10% provision for WIT in respect of gains realised on disposals of such investments.

(2) Reversal of the Funds’ PRC Tax Provisions in A-shares and/or B-shares, and Changes of the Funds’ PRC Tax Provisioning Policy in B-shares

(a) Investments in A-shares through QFII

In respect of the relevant Funds’ investments in A-shares through QFII, the Actual WIT Liability for each of the relevant Funds is lower than the amount of Provision for each of the relevant Funds. Pending further clarifications from the Shanghai tax authority, the excess of the Provision over the Actual WIT Liability was not reversed immediately following the payment of tax. Upon the issuance of the aforesaid document indicating Shanghai tax authority’s agreement to the tax treaty application and the issuance of tax payment certificate, the relevant Funds have settled their respective Actual WIT Liability with regard to their gross realised capital gains derived from trading of A-shares which are immovable properties-rich companies via Hang Seng Bank Limited using its QFII quota for the period between 17 November 2009 and 16 November 2014. The tax advisor of the relevant Funds then provided independent professional tax advice to the Manager. The Manager, in consultation with the Trustee has decided to act in accordance with such tax advice and reverse the excess of the Provision over the Actual WIT Liability for the period from 17 November 2009 to 16 November 2014. The reversal was conducted on 16 December 2015 (“Provision Reversal Date”).

(b) Investments in B-shares

In the meantime, the Manager has also assessed the Funds’ tax provisioning policy on gains derived from the disposals of investments in B-shares. Having taken and considered independent professional tax advice and in accordance with such tax advice, the Manager, in consultation with the Trustee, has decided to reverse all WIT provisions made on realised gains derived from the disposals of the Funds’ investments in B-shares. The reversal was conducted on the Provision Reversal Date. Furthermore, on and from the Provision Reversal Date, each of the Funds ceased to make WIT provision on the realised gains derived from the disposals of its investments in B-shares (if any).

(3) Impact of the Reversal of the Funds' PRC Tax Provisions in A-shares and/or B-shares to investors

Net Asset Value

As a result of the reversal of WIT provision set out in points (2)(a) and (2)(b) above (i.e. with the relevant amounts being credited to the Funds' respective assets), the Net Asset Value ("NAV") of each of the Funds as at the Provision Reversal Date has increased. The amount of the reversal of WIT provision and the impact on the NAV of each of the Funds is set out below:

	Amount of the WIT provision reversal (actual figures)	Impact on the Funds' NAV per Unit **	Impact on the Funds' NAV in % **
Hang Seng China Equity Fund	HKD 1,350,116.00	HKD 0.23	a 0.56% positive impact to the NAV
Hang Seng Property Sector FlexiPower Fund	RMB 495.10 HKD 192,634.68	HKD 0.15	a 0.44% positive impact to the NAV
Hang Seng Financial Sector FlexiPower Fund	RMB 2,908.68 HKD 169,395.00	HKD 0.06	a 0.21% positive impact to the NAV
Hang Seng Consumer Sector FlexiPower Fund	RMB 241,201.56 HKD 2,836,468.61 USD 49,773.83	HKD 0.54	a 3.82% positive impact to the NAV
Hang Seng China B-Share Focus Fund	RMB 21,170.07 HKD 8,274,233.09 USD 497,437.99	HKD 3.38	a 21.37% positive impact to the NAV
Hang Seng China 50 Index Fund	RMB 604,934.27 HKD 14,311.34	HKD 0.06	a 0.55% positive impact to the NAV

** Compared to the NAV before the reversal.

Trustee confirmation

The Trustee of the Funds has confirmed that it has no objection to the calculation method, the change in the Funds' PRC tax provisioning policy and adjustment of the Funds' NAV as set out in this document.

Previous Unitholders

Unitholders who have already redeemed their Units in the Funds before the Provision Reversal Date will not be entitled or have any right to claim any part of the amount representing the reversed tax provisions.

(4) Remainder of the Provision

Since the tax reporting and tax treaty application were made for the period from 17 November 2009 to 16 November 2014 and in respect of the investments in A-shares through QFII only and there are still uncertainties as to the application of such tax relief in respect of the gains realised on the disposals of the Funds' investments in A-shares through QFII before 17 November 2009, the part of the Provision in respect of gains derived by the Funds from the disposals of the Funds' investments in A-shares through QFII made before 17 November 2009 will continue to be withheld by the Funds. Such Provision is set out below:

	Amount of the Provision continue to be withheld (actual figures)	NAV of the Funds as at Provision Reversal Date (after the reversal)
Hang Seng China Equity Fund	RMB 6,486,108.26	HKD 243,474,227.98
Hang Seng Property Sector FlexiPower Fund	RMB 918,943.12	HKD 43,634,339.14
Hang Seng Financial Sector FlexiPower Fund	RMB 1,606,248.42	HKD 83,547,429.52
Hang Seng Consumer Sector FlexiPower Fund	RMB 3,470,332.36	HKD 95,555,611.73
Hang Seng China B-Share Focus Fund	RMB 921,375.18	HKD 69,024,198.77
Hang Seng China 50 Index Fund	RMB 333,761.85	HKD 134,758,227.92

(5) Risk factors

Investors should note that the aforesaid tax reporting was made in accordance with the prevailing tax rules and practices of the Shanghai tax authority as at the time of submission. The NAV of the Funds may require further adjustment to take into account any retrospective application of new PRC tax regulations and development, including any change or difference in interpretation of the relevant regulations by the PRC tax authority.

The Manager will closely monitor any further guidance by the relevant PRC tax authority and adjust the PRC tax provisioning and withholding policy of the Funds as appropriate. The Manager will act in the best interest of the Funds at all times.

Unitholders may be disadvantaged depending upon the actual PRC tax liabilities, the level of PRC tax provision (if any) and when they subscribed and/or redeemed their Units etc. Where no provision is made by the Manager in relation to all or part of the actual tax levied by the relevant PRC tax authority in future, investors should note that the NAV of the Funds will be lowered, as the Funds will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged.

Unitholders should seek their own tax advice on their tax position with regard to their investments in the Funds.

(6) Amendments to the offering documents

The Explanatory Memorandum of the Series, the Term Sheets and the Product Key Facts Statements of the Funds will be revised in light of the matters described above. We will notify you as soon as possible when the revised offering documents are available.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

**Hang Seng Investment Series
(the “Series”)**

**Hang Seng Mainland China Bond Fund
(the “Fund”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial and tax advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series and Term Sheet of the Fund.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

**Reversal of the Fund’s PRC tax provisions and
Change of the Fund’s PRC tax provisioning policy in mainland listed bonds**

We, as the Manager of the Fund, are writing to inform you reversal of the Fund’s PRC tax provisions and change of the Fund’s PRC tax provisioning policy in respect of the Fund’s investments in mainland listed bonds through Qualified Foreign Institutional Investor (“QFII”).

(1) Background

As disclosed in the Term Sheet of the Fund, currently, the Manager makes a 10% provision for taxes or deducts or withholds an amount on account of taxes from assets of the Fund (“WIT”) according to the PRC Enterprise Income Tax Law and its implementation rules.

(2) Review of the tax reporting by the Shanghai tax authority on QFII’s investments in mainland listed bonds

Hang Seng Bank Limited, as the QFII through which the Fund invests in mainland listed bonds, in accordance with the independent professional tax advice it obtained, submitted a “nil” basis WIT return to the Shanghai tax authority in July 2015 to report the gross realised capital gains derived from trading of mainland listed bonds of the Fund using its QFII quota during the period from 17 November 2009 to 16 November 2014 on the basis that such gains are not subject to WIT and the Shanghai tax authority endorsed the said nil basis WIT return.

(3) Reversal of the Fund’s PRC Tax Provisions and Change of the Fund’s PRC tax provisioning policy in mainland listed bonds

Given the aforesaid endorsement by the Shanghai tax authority of the said nil basis WIT return, having taken and considered independent professional tax advice provided by the tax advisor of the Fund to the Manager and in accordance with such tax advice, the Manager, in consultation with the Trustee, has decided to reverse all WIT provisions made on realised gains derived from the disposals of the Fund’s investments in mainland listed bonds through QFII. The reversal was conducted on 16 December 2015 (“Provision Reversal Date”). Please refer to point (4) below for the impact of this on the Fund.

Furthermore, on and from the Provision Reversal Date, the Fund ceased to make WIT provision on the realised gains derived from the disposals of its investments in mainland listed bonds through QFII (if any). This change would have no impact on the Fund’s Net Asset Value (“NAV”).

(4) Impact of the Reversal of the Fund’s PRC Tax Provisions in mainland listed bonds to investors

Net Asset Value

As a result of the reversal of WIT provision set out in point (3) above (i.e. with the relevant amounts being credited to the Fund's assets), the NAV of each Class of Units of the Fund as at the Provision Reversal Date has increased. The amount of the reversal of WIT provision and the impact on the NAV of each of the Classes of Units of the Fund is set out below:

	Amount of the WIT provision reversal (actual figures)	Impact on the NAV per Unit *	Impact on the NAV of the Fund Classes in % *
Class A (Income Units) **	RMB 2,288,609.81	HKD 0.32	a 1.43% positive impact to the NAV of this Class of Units
Class A (Accumulation Units) ***	RMB 3,946,599.10	HKD 0.45	a 1.59% positive impact to the NAV of this Class of Units

* Compared to the NAV before the reversal.

** Class A (Income Units) was launched on 29 May 2008.

*** The Fund (and Class A (Accumulation Units)) was established on 17 October 2003. Before 27 May 2008, the Fund was not authorised by the Securities and Futures Commission in Hong Kong, and the Fund was not available to the public in Hong Kong.

Trustee confirmation

The Trustee of the Fund has confirmed that it has no objection to the calculation method, the change in the Fund's PRC tax provisioning policy and adjustment to the NAV as set out in this document.

Previous Unitholders

Unitholders who have already redeemed their Units in the Fund before the Provision Reversal Date will not be entitled or have any right to claim any part of the amount representing the reversed tax provisions.

(5) Risk factors

Investors should note that the aforesaid tax reporting was made in accordance with the prevailing tax rules and practices of the Shanghai tax authority as at the time of submission. The NAV of the Fund may require further adjustment to take into account any retrospective application of new PRC tax regulations and development, including any change or difference in interpretation of the relevant regulations by the PRC tax authority.

The Manager will closely monitor any further guidance by the relevant PRC tax authority and adjust the PRC tax provisioning and withholding policy of the Fund as appropriate. The Manager will act in the best interest of the Fund at all times.

Unitholders may be disadvantaged depending upon the actual PRC tax liabilities, the level of PRC tax provision (if any) and when they subscribed and/or redeemed their Units etc. Where no provision is made by the Manager in relation to all or part of the actual tax levied by the relevant PRC tax authority in future, investors should note that the NAV of the Fund will be lowered, as the Fund will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged.

Unitholders should seek their own tax advice on their tax position with regard to their investments in the Fund.

(6) Amendments to the offering documents

The Explanatory Memorandum of the Series, the Term Sheet and the Product Key Facts Statement of the Fund will be revised in light of the matters described above. We will notify you as soon as possible when the revised offering documents are available.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

**Hang Seng Investment Series
(the “Series”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series.

<p>Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.</p>

Dear Unitholders,

Amendment to the Explanatory Memorandum of the Series

We, as the Manager of the Series, are writing to inform you that with effect from the date of this document, certain amendments are made to the Explanatory Memorandum of the Series. The amendments are in respect of (i) the change of directors of the Manager with effect from 13 October 2015; and (ii) the deferral of the effective date of extending the FATCA withholding tax to be applied to proceeds received from the sale or disposition of assets that give rise to U.S. source dividend or interest payments. For details of the amendments, please refer to the “Amendments to the Explanatory Memorandum of the Series” enclosed.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
10 December 2015

Hang Seng Investment Series
(the “Series”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Explanatory Memorandum of the Series

The following amendments are made to the Explanatory Memorandum of the Series with effect from the date of this document. These amendments form part of and should be read in conjunction with the Explanatory Memorandum of the Series.

(1) INVESTMENT MANAGEMENT

The fifth paragraph under this section has been deleted in its entirety and replaced by the following:

“The members of the board of directors of Hang Seng Investment Management Limited are Andrew Fung Hau Chung, Lee Pui Shan, Luk Sai Lung, Ngan Man Kit, Andrew Leung Wing Lok and Victor Pang Yiu Hung.”

(2) TAXATION AND REGULATORY REQUIREMENTS

i. The second paragraph under the sub-section headed “The United States of America – Foreign Account Tax Compliance Act (FATCA)” has been deleted in its entirety and replaced by the following:

“This withholding tax applies to payments to all the Funds in the Series that constitute interest, dividends and other types of income from U.S. sources (such as dividends paid by a U.S. corporation) and beginning on 1 January 2019, this withholding tax is extended to the proceeds received from the sale or disposition of assets that give rise to U.S. source dividend or interest payments.”

ii. The eighth paragraph under the sub-section headed “The United States of America – Foreign Account Tax Compliance Act (FATCA)” has been deleted in its entirety and replaced by the following:

“The disclosure in this sub-section is based on advice received by the Funds in the Series regarding the law and practice in force in the U.S. as at 30 September 2015. Unitholders/Investors should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In particular, investors who invest in the Funds in the Series through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer FATCA withholding tax on their investment returns.”

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

**Hang Seng Investment Series
(the “Series”)**

**Hang Seng China H-Share Index Fund
Hang Seng Index Fund
(collectively, the “Funds”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series and Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

**Establishment of new classes of Units and
Amendments to the Explanatory Memorandum of the Series and Term Sheets of the Funds**

We, as the Manager of the Series and the Funds, are writing to inform you that, with effect from the date of this document, the new classes of Units set out in the following table have been established for the Funds, of which Class A AUD (Hedged) Units and Class A RMB (Hedged) Units are available for subscription in Hong Kong, and amendments are made to the Explanatory Memorandum of the Series and Term Sheets of the Funds to reflect the new classes of Units and updated risk disclosures and index information:

Establishment of new classes of Units

With effect from the date of this document, the following new classes of Units have been established:

Fund	New class of Units	Currency of denomination
Hang Seng China H-Share Index Fund	Class A AUD (Hedged)	Australian Dollar (Hedged)
	Class A RMB (Hedged)	Renminbi (Hedged)
	Class M RMB (Hedged)	Renminbi (Hedged)
Hang Seng Index Fund	Class A AUD (Hedged)	Australian Dollar (Hedged)
	Class A RMB (Hedged)	Renminbi (Hedged)
	Class M RMB (Hedged)	Renminbi (Hedged)

These new classes of Units will be offered to different categories of investors, and may have their own investment minimum amounts (quoted in the class currency) and distribution policy. For currency hedged Units, hedging will be performed to hedge the currency of denomination of the class of Units against the currency of the underlying assets.

Class M RMB (Hedged) Units of the Funds will be available to investors in the PRC only and will not be offered in Hong Kong.

With effect from the date of this document, Class A AUD (Hedged) Units and Class A RMB (Hedged) Units of the Funds are available for subscription in Hong Kong.

Amendments to the Explanatory Memorandum and Term Sheets

Amendments to the Explanatory Memorandum of the Series and Term Sheets of the Funds are made to reflect the new classes of Units and updated risk disclosures and index information. For details, please refer to the “Amendments to the Explanatory Memorandum of the Series” and the “Amendments to the Term Sheets of the Funds” enclosed. The updated Product Key Facts Statements of the Funds are available at www.hangsenginvestment.com.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
11 September 2015

Hang Seng Investment Series
(the "Series")

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund's offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Explanatory Memorandum of the Series

The following amendments are made to the Explanatory Memorandum of the Series with effect from the date of this document. These amendments form part of and should be read in conjunction with the Explanatory Memorandum of the Series.

(1) DEFINITIONS

Under this section:

- (i) The following new defined term are added immediately before the definition of "Authorised Distributor":

"AUD Australian dollar, the lawful currency of Australia"

- (ii) The following new defined term are added immediately after the definition of "Register":

"RMB Renminbi, the lawful currency of the PRC"

(2) RISK FACTORS

Under this section:

- (i) The following new risk factors are added immediately after the risk factor "*Risk of Termination of the Series and/or Funds*":

"Class Currency Risk

For certain Funds with different classes, the class currency of each class may be different from the Funds' base currency, the currencies of which the Funds' assets are invested and/or investors' base currencies of investment. If an investor converts its base currency of investment to the class currency in order to invest in a particular class and subsequently converts the redemption proceeds from that class currency back to its original base currency of investment, the investor may suffer a loss due to the depreciation of the class currency against the original base currency. For example, if an investor whose base currency of investment is HK dollars but chooses to invest in the AUD class of Units, the investor may be exposed to a higher currency risk. The investor may suffer a higher loss as a result of exchange rate fluctuations between HK dollars and AUD upon the reconversion of its AUD investment back to HK dollars as compared to an investor whose base currency of investment is originally in AUD.

Currency Hedging Risk

A Fund may attempt to hedge the currency of denomination of a class of Units against (i) the base currency of the Fund or (ii) the currency of the underlying assets. The costs of hedging transactions will be reflected in the Net Asset Value of such class of Units and therefore, Unitholders of a hedged class will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.

If the counterparties of the instruments used for hedging purpose default, Unitholders of the hedged class Units may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.

Furthermore, there is no guarantee that the hedging strategy will be effective and Unitholders may still be subject to the currency exchange risk.

It should also be noted that hedging transactions may be entered into whether the denominated currency of the hedged classes is declining or increasing in value relative to a Fund's base currency and/or the currency of the underlying asset, where such hedging is undertaken it may substantially protect Unitholders in the hedged class against a decrease in the value of the Fund's base currency and/or the currency of the underlying asset relative to the class currency of the hedged class, but it may also preclude Unitholders from benefiting from an increase in the value of the Fund's base currency and/or the currency of the underlying asset."

(3) ISSUE OF UNITS

- (i) The following new paragraph is added immediately after the first paragraph of this section:

"A Fund may offer "currency hedged" classes of Units. For the currency hedged classes of Units, hedging will be performed to hedge the currency of denomination of the class of Units against (i) the base currency of the Fund or (ii) the currency of the underlying assets. There is no assurance that hedging will be effective. Any gains or losses from currency hedging shall accrue to the value of the relevant currency hedged class of Units."

(4) REDEMPTION OF UNITS

- (i) The second paragraph under the sub-section headed "**Payment of Redemption Proceeds**" is deleted in its entirety and replaced with the following:

"Subject as mentioned above and as otherwise provided in the relevant Term Sheet and except where the redeeming Unitholder gives alternative payment instructions, redemption proceeds less any applicable redemption charge will be paid to the redeeming Unitholder (or to the first-named of joint Unitholders) by cheque in the class currency of the relevant class of the Fund posted at the risk of the relevant Unitholders; normally, where the relevant Fund is authorised by the SFC, not later than one calendar month after receipt by the Manager of a properly documented redemption request (subject as otherwise provided in the relevant Term Sheet). Redemption proceeds may also be paid to the Unitholder by telegraphic transfer at the discretion of the Manager and at the expense of the Unitholder."

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
11 September 2015

Hang Seng Investment Series

**Hang Seng China H-Share Index Fund
Hang Seng Index Fund
(collectively, the “Funds”)**

Amendments to the Term Sheets of the Funds

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

The amendments marked in the attached Annex are made to the Term Sheets of the Funds with effect from the date of this document. These amendments form part of and should be read in conjunction with the Term Sheets of the Funds.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
11 September 2015

Annex

Hang Seng China H-Share Index Fund

Index Fund Series / Mainland China/Hong Kong Fund Series

HANG SENG CHINA H-SHARE INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Important

The Manager does not knowingly allow this Fund to be used to perpetrate any market timing and/or active trading practice as such practices may adversely affect the interests of Unitholders of the Fund. Investors are reminded that the Manager has an absolute discretion to reject in whole or in part any application for subscription of Units of the Fund which the Manager reasonably suspects to be associated with market timing and/or active trading practices, without disclosing the reason for the relevant suspicion. Investors should refer to the sub-section headed "Measures against Market Timing and/or Active Trading" under the section headed "ISSUE OF UNITS" in the Explanatory Memorandum for details.

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

The Manager has made an application with the China Securities Regulatory Commission for offering the Fund to retail investors in the PRC under the Mainland-Hong Kong Mutual Recognition of Funds regime. The Manager may issue Class M RMB (Hedged) Units for the Fund in due course subject to applicable laws and regulations. Class M RMB (Hedged) Units will be available to investors in the PRC only and will not be offered in Hong Kong. Details in relation to Class M RMB (Hedged) Units will be outlined in a separate document.

Investment Objective and Policies

The investment objective of the Hang Seng China H-Share Index Fund (the "Fund") is to match as closely as practicable the performance of the Hang Seng China Enterprises Index (the "Index") for each of the morning and the afternoon trading sessions of The Stock Exchange of Hong Kong Limited (the "SEHK") through investing solely in another index-tracking fund (the "Underlying Fund") authorized by the SFC with a substantially similar investment objective as that of the Fund. Currently, the Manager has selected the Hang Seng H-Share Index ETF as the Underlying Fund. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Index for each trading session of the SEHK and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendices 1 and 2 for detailed information on the Underlying Fund and the Index respectively.

Change of Underlying Fund

In future, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after

giving notice (up to 3 months) to the relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

In future, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Change from direct investment fund to feeder fund

Subsequent to the Fund having been changed to a direct investment fund, the Manager may elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the

Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund.

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Distribution Policy

Both Income Units* and Accumulation Units are available for issue.

*Income Units**

Income Units* are Units that distribute income.

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on an annual basis (i.e. December in each year). Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units* of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangsenginvestment.com.

Accumulation Units

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Details in relation to Class M RMB (Hedged) Units (which will be available to investors in the PRC only and will not be offered in Hong Kong) will be outlined in a separate document.

Issue of Units

Different classes of Units, namely Class A Units, Class A AUD (Hedged) Units, Class A RMB (Hedged) Units and Class I Units are available for issue on each Dealing Day, which are subject to different levels of fees and charges, as set out in this Term Sheet. Class A Units, Class A AUD (Hedged) Units and Class A RMB (Hedged) Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor. There are two dealing sessions ("Dealing

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

Sessions”), one in the morning (the “Morning Dealing Session”) and one in the afternoon (the “Afternoon Dealing Session”) respectively on each Dealing Day for Class A Units and Class I Units. There is only one Dealing Session, which is the Afternoon Dealing Session, for Class A AUD (Hedged) Units and Class A RMB (Hedged) Units. In respect of jurisdiction(s) other than Hong Kong, the availability of the Dealing Sessions may be limited due to technical operational reasons or otherwise. Investors in such jurisdiction(s) may contact the relevant local Authorised Distributor(s) as to the Dealing Session(s) which is available in their jurisdiction(s).

For the currency hedged classes, the costs and resultant profit and loss on the hedging transaction shall be for the account of that currency hedged class only.

Both Income Units* and Accumulation Units are issued for ~~each Class of Units. Four~~ Class A Units and Class I Units, and only Accumulation Units are issued for Class A AUD (Hedged) Units and Class A RMB (Hedged) Units. Six designations of Units are available within the Fund ~~for Hong Kong investors:-~~

Income Units* (Class A)	Accumulation Units (Class A)
	Accumulation Units (Class A AUD (Hedged))
	Accumulation Units (Class A RMB (Hedged))
Income Units* (Class I)	Accumulation Units (Class I)

References to a particular Class of Units shall mean both Income Units* and Accumulation Units designated for that Class.

For Class A and Class I Units, for each Dealing Day, there are 2 cut-off times for receipt of applications for subscription by the Manager, being the official closing time of SEHK for the morning trading session which currently is 12:00 noon (Hong Kong time) (the “Morning Cut-off Time”) and the official closing time of SEHK for the afternoon trading session which currently is 4:00 p.m. (Hong Kong time) (the “Afternoon Cut-off Time”). Each of the Morning Cut-off Time and the Afternoon Cut-off Time as applicable to subscription applications is also referred to as a “Dealing Cut-off Time” which may, as determined by the Manager with prior agreement of the Trustee, be postponed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Session.

For Class A AUD (Hedged) Units and Class A RMB (Hedged) Units, there is one cut-off time for receipt of applications for subscription by the Manager, being the Afternoon Cut-off Time.

In respect of all subscription applications received before the Morning Cut-off Time, the relevant Units will be issued based on the issue price for the Morning Dealing Session and in respect of all subscription applications received after the Morning Cut-off Time but before the Afternoon Cut-off Time on a Dealing Day, the relevant Units will be issued based on the issue price for the Afternoon Dealing Session.

All subscription applications received after the relevant Dealing Cut-off Time (the Morning Cut-off Time or the Afternoon Cut-off Time, as the case may be) will be treated as received in the next Dealing Session and dealt with accordingly. However, where any subscription application from an Authorised Distributor is received by the Manager after the relevant Dealing Cut-off Time due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1)

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

evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the relevant Units; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Cut-off Time; and 4) the relevant application was received by the Authorised Distributor before the relevant Dealing Cut-off Time, the Manager shall have the discretion to determine whether to treat such late application as an application received before that Dealing Cut-off Time.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars for Class A Units and Class I Units, in AUD for Class A AUD (Hedged) Units and in RMB for Class A RMB (Hedged) Units.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units, Class A AUD (Hedged) Units and Class A RMB (Hedged) Units and up to 2.0% of the issue price of Class I Units on the issue of such Units.

The Manager may also issue Class M RMB (Hedged) Units for the Fund in due course subject to applicable laws and regulations. Class M RMB (Hedged) Units will be available to investors in the PRC only and will not be offered in Hong Kong. Details in relation to Class M RMB (Hedged) Units will be outlined in a separate document.

Redemption and Switching of Units

For Class A and Class I Units, for each Dealing Day, there are 2 cut-off times for receipt of applications for redemption by the Manager, being the Morning Cut-off Time and the Afternoon Cut-off Time. However, a redemption application can only be made in respect of Units which have already been registered against the name of the applicant in the register of Unitholders. As such, investors should note in particular that Units subscribed in the Morning Dealing Session are not available for redemption in the Afternoon Dealing Session of the same Dealing Day as such Units have not yet been registered against the name of the applicant in the register of Unitholders. Each of the Dealing Cut-off Time as applicable to redemption applications may, as determined by the Manager with prior agreement of the Trustee, be postponed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Session.

For Class A AUD (Hedged) Units and Class A RMB (Hedged) Units, there is one cut-off time for receipt of applications for redemption by the Manager, being the Afternoon Cut-off Time.

In respect of all redemption applications received before the Morning Cut-off Time, the relevant Units will be redeemed based on the redemption price for the Morning Dealing Session and in respect of all redemption applications received after the Morning Cut-off Time but before the Afternoon Cut-off Time on a Dealing Day, the relevant Units will be redeemed based on the redemption price for the Afternoon Dealing Session.

Investors should note that for each Dealing Day, there is only one cut-off time for receipt of all applications for switching into or out of Class A and/or Class I Units of the Fund which shall be the Afternoon Cut-off Time for that day if it is a full trading day of the SEHK, or if the SEHK is not open for normal trading in the afternoon on that day, it shall be the Afternoon Cut-off Time for the next Dealing Day, or such other time prior to the calculation of the Net Asset Value of the relevant Units as the Manager may determine and agree with the Trustee.

All redemption applications received after the relevant Dealing Cut-off Time (the Morning Cut-off Time or the Afternoon Cut-off Time, as the case may be) will be treated as received in the next Dealing Session and dealt with accordingly. All switching applications received after the relevant Afternoon Cut-off Time will be treated as received before the next Afternoon Cut-off Time and dealt with accordingly. However, where any redemption and/or switching application from an Authorised Distributor is received by the Manager after the relevant Dealing Cut-off Time due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the relevant Units; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Cut-off Time; and 4) the relevant application was received by the Authorised Distributor before the relevant Dealing Cut-off time, the Manager shall have the discretion to determine whether to treat such late application as an application received before the relevant Dealing Cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units, Class A AUD (Hedged) Units, Class A RMB (Hedged) Units and Class I Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units, Class A AUD (Hedged) Units or Class A RMB (Hedged) Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units, Class A AUD (Hedged) Units or Class A RMB (Hedged) Units of the Fund will not exceed 2.0% of the issue price of Class A Units, Class A AUD (Hedged) Units or Class A RMB (Hedged) Units as on the day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in the Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

Details in relation to Class M RMB (Hedged) Units (which will be available to investors in the PRC only and will not be offered in Hong Kong) will be outlined in a separate document.

Restrictions on Redemption

With reference to the provision in the sub-section headed “Restrictions on Redemption” under the section headed “REDEMPTION OF UNITS” in the Explanatory Memorandum of the Hang Seng Investment Series, the Manager is entitled at its discretion and with the approval of the Trustee to limit the number of Units redeemed in respect of any Dealing Session (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total value of the relevant class of Units then in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units in respect of that Dealing Session will redeem the same proportion by value of such Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, to the next Dealing Session. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the

Fund¹ and the management fee and trustee fee of the Underlying Fund:-

		The Fund (as a percentage per annum on the Net Asset Value of the Fund)	The Underlying Fund (as a percentage per annum on the net asset value of the Underlying Fund)	Aggregate Fees (Maximum) (as a percentage per annum on the Net Asset Value of the Fund)
Management Fee	Class A	Up to 1.0% (currently waived)	0.55%	Up to 1.0% (currently 0.55%)
	<u>Class A AUD (Hedged)</u>	<u>Up to 1.0% (currently waived)</u>	<u>0.55%</u>	<u>Up to 1.0% (currently 0.55%)</u>
	<u>Class A RMB (Hedged)</u>	<u>Up to 1.0% (currently waived)</u>	<u>0.55%</u>	<u>Up to 1.0% (currently 0.55%)</u>
	Class I	Up to 0.7% (currently waived)	0.55%	Up to 0.7% (currently 0.55%)
Administration Fee	Class A	Not Applicable	Not Applicable	Not Applicable
	<u>Class A AUD (Hedged)</u>			
	<u>Class A RMB (Hedged)</u>			
	Class I			
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.1% in respect of Net Asset Value up to HK\$300,000,000; Up to 0.06% in respect of Net Asset Value for the next HK\$300,000,000; Up to 0.03% in respect of Net Asset Value in excess of HK\$600,000,000	0.05%	Up to 0.25%
	<u>Class A AUD (Hedged)</u>			
	<u>Class A RMB (Hedged)</u>			
	Class I			

Notes:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund accrues on each Dealing Day and is calculated once only during the valuation of the Fund undertaken after the Afternoon Cut-off Time and is payable monthly in arrears. No such fee calculation will be performed during the valuation of the Fund undertaken after the Morning Cut-off Time.

The Fund will bear indirectly a proportionate share of the fees payable to the manager and

the trustee of the Underlying Fund and other fees, charges and expenses payable by the Underlying Fund which will be reflected in the net asset value per unit of the Underlying Fund, which is the value at which the Fund will subscribe for units in the Underlying Fund.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons but the Fund will bear any such charges levied on investment in other collective investment scheme.

The following fees will be disclosed in the annual financial reports for the Fund:-

- (1) For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) and the maximum aggregate trustee fees payable to the Trustee and the trustee of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) during the reporting financial period expressed as a percentage per annum of the Net Asset Value of the Fund;
- (2) where the Fund is changed to a direct investment fund, the management fee paid to the Manager (inclusive of any sub-advisor's fee, if applicable) and the trustee fee paid to the Trustee.

Details in relation to Class M RMB (Hedged) Units (which will be available to investors in the PRC only and will not be offered in Hong Kong) will be outlined in a separate document.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks relating to the fund structure

As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to such risks to which the Underlying Fund is subject as mentioned in Appendix 1, including the following:-

General

As the Underlying Fund is listed and traded on the SEHK, general investors can directly buy or sell units of the Underlying Fund through a stockbroker or a bank. Investors should note the differences between the Fund and the Underlying Fund, including the differences in respect of fees and charges, trading channel, dealing frequency and dealing price determination and decide whether they shall invest in the Fund or invest in the Underlying Fund directly.

Tracking Error Risk

There can be no assurance that the performance of the Underlying Fund (and hence the Fund) will be identical to the performance of the Index for each trading session of the SEHK due to circumstances such as the fees and expenses borne by the Fund and the Underlying Fund, imperfect correlation between the Underlying Fund's securities and those in the Index, timing differences associated with portfolio re-balancing by the Underlying Fund as against a change in the constituent stocks of the Index. The assets of the Underlying Fund may not be fully invested in the constituent stocks of the Index at all times. Use of sampling techniques or futures or other derivative positions may affect the Underlying Fund's ability to maintain a high level of correlation with the Index for each trading session of the SEHK.

Passive Investment Risk

The Underlying Fund is passively managed. The manager of the Underlying Fund does not have any discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Underlying Fund, and a fall in the value of the Fund.

The composition of the Index may change and stocks currently comprising the Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Index.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in H-shares of a particular sector or group of sector(s), the investments of the Underlying Fund may be similarly concentrated. The performance of the Underlying Fund could depend substantially on the performance of such market/sector(s), and the Underlying Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

In addition, in seeking to reflect the weightings of constituent stocks of the Index, investments of the Underlying Fund may be concentrated in a single or several constituent stocks. Investors should also note that the performance of the Index and the Underlying Fund may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index. As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to the risk mentioned herein.

General Risks of Investments associated with the PRC

Investing in mainland China, an emerging market, involves special considerations and risks. Investors should be aware that the economy of the mainland China differs from the economies of most developed countries in many respects, including with respect to

government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the mainland China is not well developed when compared with those of developed countries. There could also be greater price volatility, different accounting, disclosure and reporting requirements and economic, social and political instability, etc.

RMB Currency Risk

RMB is currently not freely convertible and is subject to exchange control policies and restrictions imposed by the PRC authorities. There is no guarantee that RMB will not depreciate in values against HK dollars or such other currency(ies). Non RMB-based investor (e.g. Hong Kong investors) may have to convert HK dollars or other currency(ies) into RMB when investing in RMB hedged Units and subsequently convert the RMB redemption proceeds and/or dividend payment (if any) back to HK dollars or such other currency(ies). Investors will incur currency conversion costs and may suffer losses depending on the exchange rate movements of RMB relative to HK dollars or such other currency(ies).

Classes denominated in RMB will be valued with reference to the offshore RMB (known as "CNH") rather than the onshore RMB (known as "CNY"). While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

Due to the exchange controls and restrictions applicable to RMB, the Fund may not be able to get sufficient amounts of RMB in a timely manner to meet redemption requests of RMB hedged Units and/or pay dividends (if any).

Therefore, even if the Manager aims to pay redemption proceeds and/or dividends to investors of RMB hedged Units in RMB, Unitholders may not receive RMB upon redemption of their investments or receive dividend payments in RMB. There is also a risk that payment of your redemption proceeds in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the redemption proceeds.

Class Currency Risk

The class currency of each class may be different from the Fund's base currency, the currencies of which the Fund's assets are invested and/or investors' base currencies of investment. If an investor converts its base currency of investment to the class currency in order to invest in a particular class and subsequently converts the redemption proceeds from that class currency back to its original base currency of investment, the investor may suffer a loss due to the depreciation of the class currency against the original base currency. For example, if an investor whose base currency of investment is HK dollars but chooses to invest in the AUD class of Units, the investor may be exposed to a higher currency risk. The investor may suffer a higher loss as a result of exchange rate fluctuations between HK dollars and AUD upon the reconversion of its AUD investment back to HK dollars as compared to an investor whose base currency of investment is originally in AUD.

Risk associated with ~~Two-Dealing Sessions~~Session(s)

¶For Class A Units and Class I Units, in order to track the performance of the Index for each trading session of the SEHK on each Dealing Day, the Fund may need to make investments more frequently on any Dealing Day than the case for a fund which only tracks the performance of the Index on each Dealing Day. The Fund may have to bear relatively higher transaction costs for investments and the performance of the Fund may be adversely affected.

On any Dealing Day, the Net Asset Value of the relevant class of Units for the Morning

Dealing Session may be higher or lower than that for the Afternoon Dealing Session. Investors should note that investors who subscribe for or redeem Units before the Morning Cut-off Time may need to pay/receive a higher or lower price than they need to pay for/receive from the same number of Units subscribed for or redeemed before the Afternoon Cut-off Time.

Investors should note that for Class A AUD (Hedged) Units and Class A RMB (Hedged) Units, there is only one Dealing Session on each Dealing Day (ie Afternoon Dealing Session). These Units may not be able to track the performance of the Index for the morning trading session of SEHK.

Index Related Risk

In the event that the Index ceases to be operated or is not available, the Manager will, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive document of the Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. The SFC reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered to be acceptable to the SFC;

Conflicts of Interest Risk

Investors should note that the Trustee, the Manager, the Index provider (i.e. Hang Seng Indexes Company Limited) and the Index proprietor (i.e. Hang Seng Data Services Limited) are all members of the same financial group (i.e. the HSBC Group). Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders of the Fund are treated fairly.

Although separate legal entities and operationally independent, each of the Trustee, the Manager, the Index provider and the Index proprietor are presently part of the same financial group. Whilst each of these entities is regulated to engage in its activities and in the provision of services in respect of the Fund, in the event of a financial catastrophe or the insolvency of any member of the HSBC Group, there may be adverse implications for the business of the HSBC Group as a whole or other members of the HSBC Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation may be disrupted.

Risks associated with distribution out of capital

For Income Units^{*}, the Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units^{*} of the Fund.

Investment Restrictions

For so long as the Fund invests solely in the Underlying Fund, the Fund is subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

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

Where the Fund is changed to a direct investment fund, the Fund will be subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Where the Fund is changed to a direct investment fund, the Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

~~The~~For Class A Units and Class I Units, the Net Asset Value of the Fund will be calculated twice in respect of each Dealing Day as at such time after each of the Morning Cut-off Time and the Afternoon Cut-off Time respectively but before the next relevant Dealing Cut-off Time. For Class A AUD (Hedged) Units and Class A RMB (Hedged) Units, the Net Asset Value of the Fund will be calculated once in respect of each Dealing Day as at such time after the Afternoon Cut-off Time. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Publication of Prices

The Net Asset Value for each class of Units offering in Hong Kong, in respect of each Dealing Session on a Dealing Day will be published on the next Business Day in the Hong Kong Economic Times and The Standard and will be available from the Manager on request.

Details in relation to Class M RMB (Hedged) Units (which will be available to investors in the PRC only and will not be offered in Hong Kong) will be outlined in a separate document.

Base Currency and Class Currency

The base currency of the Fund is HK dollars. Class A and Class I are denominated in HK dollars. Class A AUD (Hedged) is denominated in AUD. Class A RMB (Hedged) is denominated in RMB.

Details in relation to Class M RMB (Hedged) Units (which will be available to investors in the PRC only and will not be offered in Hong Kong) will be outlined in a separate document.

Hang Seng Investment Management Limited

~~June~~September 2015

Appendix 1

The following paragraphs are extracted and derived from the Hong Kong Offering Document of the Hang Seng H-Share Index ETF that can be downloaded from the web site www.hangsenginvestment.com. They are provided for information only and should be read in conjunction with the full text of the aforesaid Hong Kong Offering Document.

The Hang Seng H-Share Index ETF (the “H-Share ETF”)

The H-Share ETF is a sub-fund of the Hang Seng Investment Index Funds Series (the “ETF Series”). The ETF Series is an unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 18 November 2003 between Hang Seng Investment Management Limited as the manager, HSBC Provident Fund Trustee (Hong Kong) Limited as the trustee and Hang Seng Data Services Limited. The ETF Series and its first sub-fund, the H-Share ETF, have been authorised by the SFC and listed on the SEHK. Units of the H-Share ETF can be traded in such a way as other shares listed on the SEHK. The SFC and the SEHK take no responsibility for the financial soundness of the ETF Series or the H-Share ETF, and the approval of listing by the SEHK does not imply official recommendation of an investment in the ETF Series or in the H-Share ETF. SFC authorisation is not a recommendation or endorsement of the ETF Series or the H-Share ETF nor does it guarantee the commercial merits of the ETF Series or the H-Share ETF or the performance if the ETF Series or the H-Share ETF. It does not mean the ETF Series or the H-Share ETF is suitable for all investors nor is it an endorsement of the suitability of the ETF Series or the H-Share ETF for any particular investor or class of investors.

Similar to the investment objective of the Fund, H-Share ETF seeks to provide investment returns that match as closely as practicable, before expenses, the performance of the Hang Seng China Enterprises Index (“Index”).

The manager of the H-Share ETF will primarily adopt a replication strategy. In order to maximise portfolio management efficiency, minimise transaction costs and tracking error, exposure to the Index may also be obtained through other index-tracking strategies or financial instruments from which the return to the ETF will substantially reflect the performance of the Index. Such strategies and instruments will be chosen based on their correlation to the Index and cost efficiency in order to reflect the characteristics of the Index. The manager of the H-Share ETF may decide to utilise a representative sampling strategy or another investment strategy from time to time to achieve the H-Share ETF's investment objective.

Investors should note the various risks relating to the Fund's investment in the H-Share ETF which include the following:-

- Net Asset Value and Price Fluctuations
- Correlation to H-Share Index
- Trading and Listing Issues
- Stock Market Volatility
- Securities Lending
- Short Selling
- Issuer-Specific Changes
- Market Makers
- Risk of Termination of the H-Share ETF
- Risks associated with distribution out of capital or effectively out of capital
- General Risks of Investments associated with the Mainland

Investors should refer to the section headed “What are the Risks of Investing in the H-Share

ETF?” in the Hong Kong Offering Document of the H-Share ETF for details of the risks involved.

The manager of the H-Share ETF does not have any discretion to take defensive positions where the Hong Kong stock market declines. Hence, any fall in the Index will result in a fall in the value of the H-Share ETF.

If the Index is discontinued or the licence of the manager of the H-Share ETF from the Index proprietor, Hang Seng Data Services Limited and the Index provider, Hang Seng Indexes Company Limited is terminated, the manager of the H-Share ETF may, in consultation with the trustee of the H-Share ETF, seek the relevant regulators' prior approval to replace the Index with an index that is tradable and has similar objectives to the Index. For the avoidance of doubt, the index-tracking element of the H-Share ETF's investment objective would remain unchanged. The SFC reserves the right to withdraw the authorisation of the H-Share ETF if the Index is no longer considered to be acceptable to the SFC.

Investors should also note that the performance of the Index and the H-Share ETF may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

The manager of the H-Share ETF, the Index provider, Hang Seng Indexes Company Limited (“HSIL”) and the Index proprietor, Hang Seng Data Services Limited all are members of the HSBC Group. Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the manager of the H-Share ETF will in its best effort ensure that Unitholders are treated fairly.

Appendix 2

The Hang Seng China Enterprises Index (the “Index”)

The Index, launched on 8 August 1994, tracks the performance of mainland China enterprise with H-Share listings in Hong Kong. The universe of the H-Share Index comprises all H-share companies that have their primary listing on the Main Board of the SEHK. The Index is calculated with a base value of 2000 as of 3 January 2000. It 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 the constituent stocks in the Index announced by the SEHK.

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

In order to be included in the Index, a stock should be listed for at least one month by the review cut-off date and pass the 0.1% turnover velocity minimum requirement. Turnover velocity in each of the past 12 months is calculated for each stock based on 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:

$$\begin{array}{l} \text{Combined Market} \\ \text{Capitalisation} \\ \text{Ranking} \end{array} = \begin{array}{l} 50\% \text{ of Full Market Capitalisation} \\ + 50\% \text{ of Freefloat-adjusted Market Capitalisation} \end{array}$$

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.

As at ~~23 June~~ 21 August 2015, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
939	China Construction Bank Corporation - H Share	10.19
3988	Bank of China Ltd. - H Share	40.7510.15
1398	Industrial and Commercial Bank of China Ltd. - H Share	40.169.96
939	China Construction Bank Corporation - H Share	9.89
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	8.537.85
2628	China Life Insurance Co. Ltd. - H Share	7.697.42
857	PetroChina Co. Ltd. - H Share	5.545.43
386	China Petroleum & Chemical Corporation - H Share	4.844.98
3968	China Merchants Bank Co., Ltd. - H Share	3.283.39
1288	Agricultural Bank of China Ltd. - H Share	3.053.14
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	2.872.78

Real-time update of the Index can be obtained through Thomson Reuters, Bloomberg and the website of HSIL at: <http://www.hsi.com.hk/>. The Index methodology and other important news relating to the Index are available at the HSIL website, <http://www.hsi.com.hk/>.

Please note:

- The list of constituent stocks which comprise the Index is reviewed by HSIL on a quarterly basis. The composition of the Index may change and its constituent companies may be substituted with other companies as determined by HSIL.
- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify HSIL and Hang Seng Data Services Limited (the "HSDS") against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future Unitholder or investor)

as a result of any act or omission of HSIL and HSDS in respect of or in connection with the trading in the Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in cases of their wilful misconduct, bad faith or dishonesty). The Manager will also indemnify HSIL and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the license agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the Fund's assets in respect of any claims made against it including those in relation to the license agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Fund.

Index Disclaimer

The Hang Seng China Enterprises Index (the "Index") is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name "Hang Seng China Enterprises Index" ~~is~~are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Hang Seng China Enterprises Index by Hang Seng Investment Management Limited in connection with Hang Seng China H-Share Index Fund (the "Fund"), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE 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 INDEX OR ANY COMPONENT OR DATA COMPRISE IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO ANY OF THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY HANG SENG INVESTMENT MANAGEMENT LIMITED IN CONNECTION WITH THE FUND; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE 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 FUND OR ANY OTHER PERSON DEALING WITH THE FUND AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Fund in any manner whatsoever by any broker, holder or other person dealing with the Fund. Any broker, holder or other person dealing with the Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder

or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

Hang Seng Index Fund

Index Fund Series / Mainland China / Hong Kong Fund Series

HANG SENG INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Important

The Manager does not knowingly allow this Fund to be used to perpetrate any market timing and/or active trading practice as such practices may adversely affect the interests of Unitholders of the Fund. Investors are reminded that the Manager has an absolute discretion to reject in whole or in part any application for subscription of Units of the Fund which the Manager reasonably suspects to be associated with market timing and/or active trading practices, without disclosing the reason for the relevant suspicion. Investors should refer to the sub-section headed "Measures against Market Timing and/or Active Trading" under the section headed "ISSUE OF UNITS" in the Explanatory Memorandum for details.

The Manager has made an application with the China Securities Regulatory Commission for offering the Fund to retail investors in the PRC under the Mainland-Hong Kong Mutual Recognition of Funds regime. The Manager may issue Class M RMB (Hedged) Units for the Fund in due course subject to applicable laws and regulations. Class M RMB (Hedged) Units will be available to investors in the PRC only and will not be offered in Hong Kong. Details in relation to Class M RMB (Hedged) Units will be outlined in a separate document.

Investment Objective and Policies

The investment objective of the Hang Seng Index Fund (the "Fund") is to match as closely as practicable the performance of the Hang Seng Index (the "Index") for each of the morning and the afternoon trading sessions of The Stock Exchange of Hong Kong Limited (the "SEHK") through investing primarily in the constituent stocks of the Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Index for each trading session of the SEHK and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information on the Index.

The Manager will primarily adopt the full replication strategy by which the assets of the Fund will comprise the constituent stocks with reference to their respective weightings in the Index or futures contracts on the Index. In order to maximise portfolio management efficiency, minimise transaction cost and tracking error, exposure to the Index may also be obtained through other index-tracking strategies (such as sampling strategies) or financial instruments (such as futures contracts) from which the return to the Fund will substantially reflect the performance of the Index. Such strategies and instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index.

Change from direct investment fund to feeder fund

In future, the Manager may elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund (the "Underlying Fund").

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Change of Underlying Fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Distribution Policy

Both Income Units and Accumulation Units are available for issue.

Income Units

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on an annual basis (i.e. December in each year). Unless a Unitholder requests otherwise, each distribution from the Fund will be reinvested in the subscription of further Units. Those further Units will be issued on the day on which the distribution would otherwise be paid (or, if that day is not a Dealing Day, on the next succeeding Dealing Day) at a price equal to the issue price per Unit for the Afternoon Dealing Session (as defined below); no preliminary charge or redemption charge will be levied in respect of Units so issued. A Unitholder may at any time terminate the reinvestment of the Unitholder's distributions by giving notice in writing to the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangsenginvestment.com.

Accumulation Units

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Details in relation to Class M RMB (Hedged) Units (which will be available to investors in the PRC only and will not be offered in Hong Kong) will be outlined in a separate document.

Issue of Units

Different classes of Units, namely Class A Units, Class A AUD (Hedged) Units, Class A RMB (Hedged) Units and Class I Units are available for issue on each Dealing Day, which are subject to different levels of fees and charges, as set out in this Term Sheet. Class A Units, Class A AUD (Hedged) Units and Class A RMB (Hedged) Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor. There are two dealing sessions ("Dealing Sessions"), one in the morning (the "Morning Dealing Session") and one in the afternoon (the "Afternoon Dealing Session") respectively on each Dealing Day for Class A and Class I Units. There is only one Dealing Session, which is the Afternoon Dealing Session, for Class A AUD (Hedged) Units and Class A RMB (Hedged) Units. In respect of jurisdiction(s) other than Hong Kong, the availability of the Dealing Sessions may be limited due to technical operational reasons or otherwise. Investors in such jurisdiction(s) may contact the relevant local Authorised Distributor(s) as to the Dealing Session(s) which is available in their jurisdiction(s).

For the currency hedged classes, the costs and resultant profit and loss on the hedging transaction shall be for the account of that currency hedged class only.

Income Units are issued for Class A Units and Class I Units, and only Accumulation Units are issued for Class A AUD (Hedged) Units and Class A RMB (Hedged) Units. Four designations of Units are available within the Fund for Hong Kong investors:-

<u>Income Units (Class A)</u>	<u>Accumulation Units (Class A AUD (Hedged))</u>
	<u>Accumulation Units (Class A RMB (Hedged))</u>
<u>Income Units (Class I)</u>	

For Class A and Class I Units, for each Dealing Day, there are 2 cut-off times for receipt of applications for subscription by the Manager, being the official closing time of SEHK for the morning trading session which currently is 12:00 noon (Hong Kong time) (the "Morning Cut-off Time") and the official closing time of SEHK for the afternoon trading session which currently is 4:00 p.m. (Hong Kong time) (the "Afternoon Cut-off Time"). Each of the Morning Cut-off Time and the Afternoon Cut-off Time as applicable to subscription applications is also referred to as a "Dealing Cut-off Time" which may, as determined by the Manager with prior agreement of the Trustee, be postponed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Session.

For Class A AUD (Hedged) Units and Class A RMB (Hedged) Units, there is one cut-off time for receipt of applications for subscription by the Manager, being the Afternoon Cut-off Time.

In respect of all subscription applications received before the Morning Cut-off Time, the relevant Units will be issued based on the issue price for the Morning Dealing Session and in respect of all subscription applications received after the Morning Cut-off Time but before the Afternoon Cut-off Time on a Dealing Day, the relevant Units will be issued based on the issue price for the Afternoon Dealing Session.

All subscription applications received after the relevant Dealing Cut-off Time (the Morning Cut-off Time or the Afternoon Cut-off Time, as the case may be) will be treated as received in the next Dealing Session and dealt with accordingly. However, where any subscription application from an Authorised Distributor is received by the Manager after the relevant Dealing Cut-off Time due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the relevant Units; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Cut-off Time; and 4) the relevant application was received by the Authorised Distributor before the relevant Dealing Cut-off Time, the Manager shall have the discretion to determine whether to accept such late application as an application received before that Dealing Cut-off Time.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars for Class A Units and Class I Units, in AUD for Class A AUD (Hedged) Units and in RMB for Class A RMB (Hedged) Units.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units, Class A AUD (Hedged) Units and Class A RMB (Hedged) Units and up to 2.0% of the issue price of Class I Units on the issue of such Units.

The Manager may also issue Class M RMB (Hedged) Units for the Fund in due course subject to applicable laws and regulations. Class M RMB (Hedged) Units will be available to investors in the PRC only and will not be offered in Hong Kong. Details in relation to Class M RMB (Hedged) Units will be outlined in a separate document.

Redemption and Switching of Units

For Class A and Class I Units, for each Dealing Day, there are 2 cut-off times for receipt of applications for redemption by the Manager, being the Morning Cut-off Time and the Afternoon Cut-off Time. However, a redemption application can only be made in respect of Units which have already been registered against the name of the applicant in the register of Unitholders. As such, investors should note in particular that Units subscribed in the Morning Dealing Session are not available for redemption in the Afternoon Dealing Session of the same Dealing Day as such Units have not yet been registered against the name of the applicant in the register of Unitholders. Each of the Dealing Cut-off Time as applicable to redemption applications may, as determined by the Manager with prior agreement of the Trustee, be postponed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Session.

For Class A AUD (Hedged) Units and Class A RMB (Hedged) Units, there is one cut-off time for receipt of applications for redemption by the Manager, being the Afternoon Cut-off Time.

In respect of all redemption applications received before the Morning Cut-off Time, the relevant Units will be redeemed based on the redemption price for the Morning Dealing Session and in respect of all redemption applications received after the Morning Cut-off Time but before the Afternoon Cut-off Time, the relevant Units will be redeemed based on the redemption price for the Afternoon Dealing Session.

Investors should note that for each Dealing Day, there is only one cut-off time for receipt of all applications for switching into or out of Class A and/or Class I Units of the Fund which shall be the Afternoon Cut-off Time for that day if it is a full trading day of the SEHK, or if the SEHK is not open for normal trading in the afternoon on that day, it shall be the Afternoon Cut-off Time for the next Dealing Day, or such other time prior to the calculation of the Net Asset Value of the relevant Units as the Manager may determine and agree with the Trustee.

All redemption applications received after the relevant Dealing Cut-off Time (the Morning Cut-off Time or the Afternoon Cut-off Time, as the case may be) will be treated as received in the next Dealing Session and dealt with accordingly. All switching applications received after the relevant Afternoon Cut-off Time will be treated as received before the next Afternoon Cut-off Time and dealt with accordingly. However, where any redemption and/or switching application from an Authorised Distributor is received by the Manager after the relevant Dealing Cut-off Time due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the relevant Units; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Cut-off Time; and 4) the relevant application was received by the Authorised Distributor before the relevant Dealing Cut-off Time, the Manager shall have the discretion to determine whether to accept such late application as an application received before that Dealing Cut-off Time.

No redemption charge will be levied on the redemption of Class A Units, Class A AUD (Hedged) Units, Class A RMB (Hedged) Units and Class I Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units, Class A AUD (Hedged) Units or Class A RMB (Hedged) Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units, Class A AUD (Hedged) Units or Class A RMB (Hedged) Units of the Fund will not exceed 2.0% of the issue price of Class A Units, Class A AUD (Hedged) Units or Class A RMB (Hedged) Units of the Fund as on the day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in the Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

Details in relation to Class M RMB (Hedged) Units (which will be available to investors in the PRC only and will not be offered in Hong Kong) will be outlined in a separate document.

Restrictions on Redemption

With reference to the provision in the sub-section headed “Restrictions on Redemption” under the section headed “REDEMPTION OF UNITS” in the Explanatory Memorandum of the Hang Seng Investment Series, the Manager is entitled at its discretion and with the approval of the Trustee to limit the number of Units redeemed in respect of any Dealing Session (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total value of the relevant class of Units then in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units in respect of that Dealing Session will redeem the same proportion by value of such Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, to the next Dealing Session. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee	Class A	Up to 1.0%
	<u>Class A AUD (Hedged)</u>	
	<u>Class A RMB (Hedged)</u>	
	Class I	Up to 0.5%
Administration Fee	Class A	Not Applicable
	<u>Class A AUD (Hedged)</u>	
	<u>Class A RMB (Hedged)</u>	
	Class I	

Trustee Fee	Class A	Calculated on a sliding scale as follows:-
	<u>Class A</u> <u>AUD</u> <u>(Hedged)</u>	Up to 0.1% in respect of Net Asset Value up to HK\$300,000,000 Up to 0.06% in respect of Net Asset Value for the next HK\$300,000,000
	<u>Class A</u> <u>RMB</u> <u>(Hedged)</u>	Up to 0.03% in respect of Net Asset Value in excess of HK\$600,000,000
	Class I	

Notes:

1. Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund accrues on each Dealing Day and is calculated once only during the valuation of the Fund undertaken after the Afternoon Cut-off Time and is payable monthly in arrears. No such fee calculation will be performed during the valuation of the Fund undertaken after the Morning Cut-off Time.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Details in relation to Class M RMB (Hedged) Units (which will be available to investors in the PRC only and will not be offered in Hong Kong) will be outlined in a separate document.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with an index fund

Tracking Error Risk

Whilst the investment objective of the Fund is to match as closely as practicable the performance of the Index for each trading session of the SEHK, **there can be no assurance that the performance of the Fund will be identical to the performance of the Index for each trading session of the SEHK.** In particular:-

- the Fund will bear the fees, costs and expenses in relation to the Fund, including but not limited to costs of investing and realising the investments of the Fund, the fees and expenses of custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, printing and postage costs for the Explanatory Memorandum, reports, all notices and communication for the Fund, all these fees, costs and expenses will affect the performance of the Fund relative to the Index for each trading session of the SEHK;
- in order to track the Index, the Manager will need to buy and sell constituent stocks of the Index during each trading session of the SEHK. The time differences associated with portfolio re-balancing and the price at which the constituent stocks in the Index is acquired or disposed by the Fund will be affected by the market condition at the time of acquisition or disposal;
- in order to maximise portfolio management efficiency, the Manager may in addition to the full replication strategy apply other index-tracking strategies (such as sampling strategies) or use other financial derivative instruments (such as futures contracts) to obtain exposure to the Index for the Fund, which may themselves not necessarily reflect the performance of the Index for the relevant trading session of the SEHK entirely. Nevertheless, the Manager will endeavour to minimise the potential deviation in the performance of the Fund against the Index and cost in relation to the use of such strategies or instruments;
- whilst the Manager will seek to minimise any deviations in the Fund's holdings of constituent stocks against their weightings in the Index, there can be no guarantee that at the end of each trading session of the SEHK, the Fund's holdings of constituent stocks will match their weightings in the Index.

Passive Investment Risk

The Manager does not have any discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Fund.

The composition of the Index may change and stocks currently comprising the Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Index. Such changes in the composition of the Index are beyond the control of the Manager.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in the Hong Kong listed securities (including H-shares and red chip shares) of a particular sector or group of sectors, the investments of the Fund may be similarly concentrated. The performance of the Fund could depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

In addition, in seeking to reflect the weightings of constituent stocks of the Index, investments of the Fund may be concentrated in a single constituent stock or several constituent stocks. Investors should also note that the performance of the Index and the Fund may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

Index Related Risk

In the event that the Index ceases to be operated or is not available, the Manager will, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive document of the Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. The SFC reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered to be acceptable to the SFC.

Risk associated with ~~Two Dealing Sessions~~ Session(s)

~~For Class A Units and Class I Units, in~~ order to track the performance of the Index for each trading session of the SEHK on each Dealing Day, the Fund may need to make investments more frequently on any Dealing Day than the case for a fund which only tracks the performance of the Index on each Dealing Day. The Fund may have to bear relatively higher transaction costs for investments and the performance of the Fund may be adversely affected.

On any Dealing Day, the Net Asset Value of the relevant class of Units for the Morning Dealing Session may be higher or lower than that for the Afternoon Dealing Session. Investors should note that investors who subscribe for or redeem Units before the Morning Cut-off Time may need to pay/receive a higher or lower price than they need to pay for/receive from the same number of Units subscribed for or redeemed before the Afternoon Cut-off Time.

Investors should note that for Class A AUD (Hedged) Units and Class A RMB (Hedged) Units, there is only one Dealing Session on each Dealing Day (ie Afternoon Dealing Session). These Units may not be able to track the performance of the Index for the morning trading session of SEHK.

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in H-shares and red chip shares, the Fund is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the

country;

- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalization or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasize decentralization and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorised by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

RMB Currency Risk

RMB is currently not freely convertible and is subject to exchange control policies and restrictions imposed by the PRC authorities. There is no guarantee that RMB will not depreciate in values against HK dollars or such other currency(ies). Non RMB-based investor (e.g. Hong Kong investors) may have to convert HK dollars or other currency(ies) into RMB when investing in RMB hedged Units and subsequently convert the RMB redemption proceeds and/or dividend payment (if any) back to HK dollars or such other currency(ies). Investors will incur currency conversion costs and may suffer losses depending on the exchange rate movements of RMB relative to HK dollars or such other currency(ies).

Classes denominated in RMB will be valued with reference to the offshore RMB (known as "CNH") rather than the onshore RMB (known as "CNY"). While CNH and CNY represent the same currency, they are traded in different and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY.

Due to the exchange controls and restrictions applicable to RMB, the Fund may not be able to get sufficient amounts of RMB in a timely manner to meet redemption requests of RMB hedged Units and/or pay dividends (if any).

Therefore, even if the Manager aims to pay redemption proceeds and/or dividends to investors of RMB hedged Units in RMB, Unitholders may not receive RMB upon redemption

of their investments or receive dividend payments in RMB. There is also a risk that payment of your redemption proceeds in RMB may be delayed when there is not sufficient RMB for currency conversion for settlement of the redemption proceeds.

Class Currency Risk

The class currency of each class may be different from the Fund's base currency, the currencies of which the Fund's assets are invested and/or investors' base currencies of investment. If an investor converts its base currency of investment to the class currency in order to invest in a particular class and subsequently converts the redemption proceeds from that class currency back to its original base currency of investment, the investor may suffer a loss due to the depreciation of the class currency against the original base currency. For example, if an investor whose base currency of investment is HK dollars but chooses to invest in the AUD class of Units, the investor may be exposed to a higher currency risk. The investor may suffer a higher loss as a result of exchange rate fluctuations between HK dollars and AUD upon the reconversion of its AUD investment back to HK dollars as compared to an investor whose base currency of investment is originally in AUD.

PRC Tax Risk

Investors should note that where the Fund invests in shares (e.g. H-shares and/or certain red chip shares) of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's investments in shares of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

However, there are still uncertainties as to the application of the PRC Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to whether gains realised on disposal of the Fund's investments in H-shares/red chip shares would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, the Manager has not made any provision for taxes. However, the Manager reserves the right to make any provision for taxes or deduct or withhold an amount on account of taxes from assets of the Fund according to the PRC Enterprise Income Tax Law and its implementation rules.

Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such provision for taxes or such adjustments to the amount of provision for taxes (if any) as it considers necessary as soon as practicable. If provision for taxes is to be made, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

In case of no provision for taxes being made or a difference between the Fund's provision for taxes (if any) and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance of, the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the

Fund's provision for taxes (if any) and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund's actual PRC tax liabilities are higher than the provision for taxes (if any) made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund's actual PRC tax liabilities are lower than the provision for taxes (if any) made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority's ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in H-shares and/or certain red chip shares are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in H-shares and/or certain red chip shares.

Conflicts of Interest Risk

Investors should note that the Trustee, the Manager, the Index provider (i.e. Hang Seng Indexes Company Limited) and the Index proprietor (i.e. Hang Seng Data Services Limited) are all members of the same financial group (i.e. the HSBC Group). Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders of the Fund are treated fairly.

Although separate legal entities and operationally independent, each of the Trustee, the Manager, the Index provider and the Index proprietor are presently part of the same financial group. Whilst each of these entities is regulated to engage in its activities and in the provision of services in respect of the Fund, in the event of a financial catastrophe or the insolvency of any member of the HSBC Group, there may be adverse implications for the business of the HSBC Group as a whole or other members of the HSBC Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation may be disrupted.

Risks associated with distribution out of capital

The Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

Investment Restrictions

For so long as the Fund is a direct investment fund, the Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

However, to enable the Fund to track the performance of the Index in an efficient manner, the Fund is allowed to apply other index-tracking strategies (such as sampling strategies) or use other financial instruments (such as futures contracts) in addition to the full replication strategy, such that more than 10% of its Net Asset Value may be invested in constituent securities issued by a single issuer, regardless of their respective weightings in the Index.

Where the Manager elects to change the Fund to a feeder fund, the Fund will be subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Borrowing Restrictions

The Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investment for the Fund and to meet redemptions and other expenses of the Fund.

Where the Manager elects to change the Fund to a feeder fund, the Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

~~The~~For Class A Units and Class I Units, the Net Asset Value of the Fund will be calculated twice in respect of each Dealing Day as at such time after each of the Morning Cut-off Time and the Afternoon Cut-off Time respectively but before the next relevant Dealing Cut-off time. For Class A AUD (Hedged) Units and Class A RMB (Hedged) Units, the Net Asset Value of the Fund will be calculated once in respect of each Dealing Day as at such time after the Afternoon Cut-off Time. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Publication of Prices

The Net Asset Value for each class of Units offering in Hong Kong in respect of each Dealing Session on a Dealing Day will be published on the next Business Day in the Hong Kong Economic Times and The Standard and will be available from the Manager on request.

Details in relation to Class M RMB (Hedged) Units (which will be available to investors in the PRC only and will not be offered in Hong Kong) will be outlined in a separate document.

Base Currency and Class Currency

The base currency of the Fund is HK dollars. Class A and Class I are denominated in HK dollars. Class A AUD (Hedged) is denominated in AUD. Class A RMB (Hedged) is denominated in RMB.

Details in relation to Class M RMB (Hedged) Units (which will be available to investors in the PRC only and will not be offered in Hong Kong) will be outlined in a separate document.

Hang Seng Investment Management Limited
~~June~~September 2015

Appendix 1

The Hang Seng Index (the “Index”)

The Index, launched on 24 November 1969, 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 is calculated with a base value of 100 as of 31 July 1964. It is calculated on a 2-second basis during trading hours of the SEHK and its closing value is based on official closing prices of stocks announced by the SEHK.

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

Constituent stocks of the Index are selected by a rigorous process of detailed analysis. Only companies with a primary listing on the Main Board of the SEHK are eligible potential constituents. The Mainland enterprises that have a H-share listing in Hong Kong will be eligible for inclusion in the Index if they meet one of the following conditions: (1) the H-share company has 100% of its ordinary share capital in the form of H-shares which are listed on the SEHK; (2) the H-share company has completed the process of the share reform, with the result that there is no unlisted share capital in the company; or (3) for new H-share initial public offerings, the company has no unlisted share capital.

Besides, to be eligible for inclusion in the Index, a company (1) must be among those companies that constitute the top 90% of the total market capitalisation of all primary listed shares on the SEHK (market capitalisation is expressed as an average of the past 12 months); (2) must be among those companies that constitute the top 90% of the total turnover of all primary listed shares on the SEHK (turnover is aggregated and individually assessed for eight quarterly sub-periods for the past 24 months); and (3) should normally have a listing history of 24 months on the SEHK or meet the requirements below in relation to large-cap stocks listed for less than 24 months.

In connection with item (3) of the preceding paragraph, the minimum listing history required for a newly-listed large-cap stock to be eligible for inclusion in the Index is as follows:

Average market capitalisation ranking at time of Index review	Minimum listing history
Top 5	3 Months
6 – 15	6 Months
16 – 20	12 Months
21 – 25	18 Months
Below 25	24 Months

The final selections are based on the following:

- the market capitalisation and turnover ranking of the company;
- the representation of the relevant sub-sector within the Index directly reflecting that of the market; and
- the financial performance of the company.

A freefloat-adjusted market capitalization weighted methodology is adopted for the calculation of the Index. The cap on each constituent weighting will be lowered from 15% to 10% which will be phased in over a period of 12 months from September 2014 to September 2015 through five rounds of index rebalancing. Details of the rebalancing schedule are set out below:

After Market Close on	Capping Level
-----------------------	---------------

5 Sep 2014 (Fri)	14%
5 Dec 2014 (Fri)	13%
6 Mar 2015 (Fri)	12%
5 Jun 2015 (Fri)	11%
4 Sep 2015 (Fri)	10%

As at ~~23 June~~ 21 August 2015, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
5	HSBC Holdings plc	<u>11.0811.90</u>
700	Tencent Holdings Ltd.	<u>9.719.85</u>
941	China Mobile Ltd	<u>7.028.20</u>
1299	AIA Group Ltd.	<u>6.946.98</u>
939	China Construction Bank Corporation - H Share	<u>6.806.49</u>
1398	Industrial and Commercial Bank of China Ltd. - H Share	<u>5.344.84</u>
3988	Bank of China Ltd. - H Share	<u>4.684.09</u>
1	CK Hutchison Holdings Ltd.	<u>3.493.69</u>
388	Hong Kong Exchanges and Clearing Ltd.	<u>3.472.83</u>
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	<u>3.162.69</u>

Real-time update of the Index can be obtained through Thomson Reuters, Bloomberg and the website of HSIL at: <http://www.hsi.com.hk/>. The Index methodology and other important news relating to the Index are available at the HSIL website <http://www.hsi.com.hk/>.

Please note:

- The list of constituent stocks which comprise the Index is reviewed by HSIL on a quarterly basis. The composition of the Index may change and be substituted with other companies as determined by HSIL if any of the constituent companies were to delist its shares.
- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify HSIL and Hang Seng Data Services Limited ("HSDS") against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future Unitholder or investor) as a result of any act or omission of HSIL and HSDS in respect of or in connection with the trading in the Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in cases of their wilful misconduct, bad faith or dishonesty). The Manager will also indemnify HSIL and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the license agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the Fund's assets in respect of any claims made against it including those in relation to the license agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Fund.

Index Disclaimer

The Hang Seng Index (the "Index") is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name "Hang Seng Index" ~~is~~are proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Hang Seng Index by Hang Seng Investment Management Limited in connection with Hang Seng Index Fund (the "Fund"), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE 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 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 INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY HANG SENG INVESTMENT MANAGEMENT LIMITED IN CONNECTION WITH THE FUND; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE 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 FUND OR ANY OTHER PERSON DEALING WITH THE FUND AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Fund in any manner whatsoever by any broker, holder or other person dealing with the Fund. Any broker, holder or other person dealing with the Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

**Hang Seng Investment Series
(the “Series”)**

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum of the Series.

<p>Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.</p>

Dear Unitholders,

Launch of a new website and Amendment to the Explanatory Memorandum of the Series

We, as the Manager of the Series, are writing to inform you that we are going to launch a new website with the address being www.hangsenginvestment.com. As such, with effect from 4 September 2015, all the offering documents and information of the Funds under the Series currently available at www.hangseng.com/fundsupermart will be available at our new website. The Explanatory Memorandum of the Series will be updated to reflect the same. For details, please refer to the “Amendment to the Explanatory Memorandum of the Series” enclosed. The updated Product Key Facts Statements of the Funds under the Series will also be available at our new website on and from that date.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
28 August 2015

**Hang Seng Investment Series
(the “Series”)**

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendment to the Explanatory Memorandum of the Series

The following amendment will be made to the Explanatory Memorandum of the Series with effect from 4 September 2015. This amendment forms part of and should be read in conjunction with the Explanatory Memorandum of the Series.

GENERAL

In the sub-section headed “Website” under the section headed “GENERAL”, the reference to “www.hangseng.com/fundsupermart” will be deleted in its entirety and replaced by “www.hangsenginvestment.com”.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
28 August 2015

Hang Seng Investment Series

Hang Seng Global Bond Fund
Hang Seng Global High Yield Bond Fund
Hang Seng Index Fund
Hang Seng MidCap Index Fund
Hang Seng China Index Fund
Hang Seng China H-Share Index Fund
Hang Seng Corporate Sustainability Index Fund
Hang Seng Index Leveraged 150 Fund
Hang Seng China H-Share Index Leveraged 150 Fund
Hang Seng Hong Kong Bond Fund
Hang Seng Mainland and Hong Kong Corporate Bond Fund
Hang Seng Mainland China Bond Fund
Hang Seng Global Financial Sector Bond Fund
(collectively the “Funds”)

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Launch of a new website and Amendments to the Term Sheets of the Funds

We, as the Manager of the Funds, are writing to inform you that we are going to launch a new website with the address being www.hangsenginvestment.com. As such, with effect from 4 September 2015, all the offering documents and information of the Funds currently available at www.hangseng.com/fundsupermart will be available at our new website. The Term Sheets of the Funds will be updated to reflect the same. For details, please refer to the “Amendments to the Term Sheets of the Funds” enclosed. The updated Product Key Facts Statements of the Funds will also be available at our new website on and from that date.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
28 August 2015

Hang Seng Investment Series

Hang Seng Global Bond Fund
Hang Seng Global High Yield Bond Fund
Hang Seng Index Fund
Hang Seng MidCap Index Fund
Hang Seng China Index Fund
Hang Seng China H-Share Index Fund
Hang Seng Corporate Sustainability Index Fund
Hang Seng Index Leveraged 150 Fund
Hang Seng China H-Share Index Leveraged 150 Fund
Hang Seng Hong Kong Bond Fund
Hang Seng Mainland and Hong Kong Corporate Bond Fund
Hang Seng Mainland China Bond Fund
Hang Seng Global Financial Sector Bond Fund
(collectively the “Funds”)

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Term Sheets of the Funds

The following amendments will be made to the Term Sheets of the Funds with effect from 4 September 2015. These amendments form part of and should be read in conjunction with the Term Sheets of the Funds.

1. Change of Website Address

In the Term Sheets of the Funds, all references to “www.hangseng.com/fundsupermart” and “www.hangseng.com/etf” will be deleted in their entirety and replaced by “www.hangsenginvestment.com”.

2. Updated Index Information

(i) Hang Seng Index Fund and Hang Seng Index Leveraged 150 Fund

Appendix 1 to the Term Sheet of Hang Seng Index Fund and Appendix 2 to the Term Sheet of Hang Seng Index Leveraged 150 Fund – The Hang Seng Index

As at 21 August 2015, the respective weightings of the top 10 largest constituent stocks of the Hang Seng Index were:

Stock Code	Stock Name	Weighting (%)
5	HSBC Holdings plc	11.90
700	Tencent Holdings Ltd.	9.85
941	China Mobile Ltd	8.20
1299	AIA Group Ltd.	6.98
939	China Construction Bank Corporation - H Share	6.49
1398	Industrial and Commercial Bank of China Ltd. - H Share	4.84
3988	Bank of China Ltd. - H Share	4.09
1	CK Hutchison Holdings Ltd.	3.69
388	Hong Kong Exchanges and Clearing Ltd.	2.83
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	2.69

(ii) Hang Seng MidCap Index Fund

Appendix 1 to the Term Sheet of Hang Seng MidCap Index Fund – The Hang Seng Composite MidCap Index

As at 21 August 2015, the respective weightings of the top 10 largest constituent stocks of the Hang Seng Composite MidCap Index were:

Stock Code	Stock Name	Weighting (%)
669	Techtronic Industries Co. Ltd.	2.26
1800	China Communications Construction Co. Ltd. - H Share	2.16
6030	CITIC Securities Co. Ltd. - H Share	1.97
1766	CRRC Corporation Ltd. - H Share	1.91
6837	Haitong Securities Co., Ltd. - H Share	1.73
1816	CGN Power Co., Ltd. - H Share	1.73
966	China Taiping Insurance Holdings Co. Ltd.	1.73
1099	Sinopharm Group Co. Ltd. - H Share	1.65

902	Huaneng Power International, Inc. - H Share	1.61
914	Anhui Conch Cement Co. Ltd. - H Share	1.55

(iii) Hang Seng China Index Fund

Appendix 2 to the Term Sheet of Hang Seng China Index Fund – The FTSE China 50 Index

As at 21 August 2015, the respective weightings of the top 10 largest constituent stocks of the FTSE China 50 Index were as follows:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd. - P Chip	9.76
941	China Mobile Ltd. - Red Chip	9.46
939	China Construction Bank Corporation - H Share	8.70
1398	Industrial and Commercial Bank of China Ltd. - H Share	6.45
3988	Bank of China Ltd. - H Share	5.53
2628	China Life Insurance Co. Ltd - H Share	4.00
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	3.94
386	China Petroleum & Chemical Corporation - H Share	3.63
883	CNOOC Ltd. - Red Chip	3.56
857	Petrochina Co. Ltd. - H Share	3.51

(iv) Hang Seng China H-Share Index Fund and Hang Seng China H-Share Index Leveraged 150 Fund

Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Fund and Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Leveraged 150 Fund – The Hang Seng China Enterprises Index

As at 21 August 2015, the respective weightings of the top 10 largest constituent stocks of the Hang Seng China Enterprises Index were:

Stock Code	Stock Name	Weighting (%)
939	China Construction Bank Corporation - H Share	10.19
3988	Bank of China Ltd. - H Share	10.15
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.96
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	7.85
2628	China Life Insurance Co. Ltd. - H Share	7.42
857	PetroChina Co. Ltd. - H Share	5.43
386	China Petroleum & Chemical Corporation - H Share	4.98
3968	China Merchants Bank Co., Ltd. - H Share	3.39
1288	Agricultural Bank of China Ltd. - H Share	3.14
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	2.78

(v) Hang Seng Corporate Sustainability Index Fund

Appendix 1 to the Term Sheet of Hang Seng Corporate Sustainability Index Fund – The Hang Seng Corporate Sustainability Index

As at 21 August 2015, the respective weightings of the top 10 largest constituent stocks of the Hang Seng Corporate Sustainability Index were:

Stock Code	Stock Name	Weighting (%)
941	China Mobile Ltd.	11.85
5	HSBC Holdings plc.	10.72
700	Tencent Holdings Ltd.	10.17
939	China Construction Bank Corporation - H Share	9.04
1398	Industrial and Commercial Bank of China Ltd. - H Share	8.59
3988	Bank of China Ltd. - H Share	7.26
1	CK Hutchison Holdings Ltd.	6.56
388	Hong Kong Exchanges and Clearing Ltd.	5.03
1113	Cheung Kong Property Holdings Ltd.	3.48
2	CLP Holdings Ltd.	2.91

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Series

Hang Seng Index Fund Hang Seng China H-Share Index Fund (collectively the “Funds”)

Notice to Unitholders

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Capitalised terms used herein but not otherwise defined will have the same meanings as defined in the Term Sheets of the Funds.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Dear Unitholders,

Amendment to the Term Sheets of the Funds

We, as the Manager of the Funds, are writing to inform you that with effect from the date of this document, amendments are made to the Term Sheets of the Funds in relation to the availability of the Dealing Sessions in respect of jurisdiction(s) other than Hong Kong. For details, please refer to the “Amendments to the Term Sheets of the Funds” enclosed. The updated Product Key Facts Statements of the Funds are available at www.hangseng.com/fundsupermart.

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
26 June 2015

Hang Seng Investment Series

Hang Seng Index Fund Hang Seng China H-Share Index Fund (collectively the “Funds”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Amendments to the Term Sheets of the Funds

The following amendments are made to the Term Sheets of the Funds with effect from the date of this document. These amendments form part of and should be read in conjunction with the Term Sheets of the Funds.

1. The first paragraph under the section headed “Issue of Units” is deleted in its entirety and replaced by the following:

“Different classes of Units, namely Class A Units and Class I Units are available for issue on each Dealing Day, which are subject to different levels of fees and charges, as set out in this Term Sheet. Class A Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor. There are two dealing sessions (“Dealing Sessions”), one in the morning (the “Morning Dealing Session”) and one in the afternoon (the “Afternoon Dealing Session”) respectively on each Dealing Day. In respect of jurisdiction(s) other than Hong Kong, the availability of the Dealing Sessions may be limited due to technical operational reasons or otherwise. Investors in such jurisdiction(s) may contact the relevant local Authorised Distributor(s) as to the Dealing Session(s) which is available in their jurisdiction(s).”

2. Updated Index Information:

- (i) Appendix 1 to the Term Sheet of Hang Seng Index Fund – The Hang Seng Index

As at 23 June 2015, the respective weightings of the top 10 largest constituent stocks of the Hang Seng Index were:

Stock Code	Stock Name	Weighting (%)
5	HSBC Holdings plc	11.08
700	Tencent Holdings Ltd.	9.71
941	China Mobile Ltd	7.02
1299	AIA Group Ltd.	6.94
939	China Construction Bank Corporation - H Share	6.80
1398	Industrial and Commercial Bank of China Ltd. - H Share	5.34
3988	Bank of China Ltd. - H Share	4.68
1	CK Hutchison Holdings Ltd.	3.49
388	Hong Kong Exchanges and Clearing Ltd.	3.47
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	3.16

- (ii) Appendix 2 to the Term Sheet of Hang Seng China H-Share Index Fund - The Hang Seng China Enterprises Index

As at 23 June 2015, the respective weightings of the top 10 largest constituent stocks of the Hang Seng China Enterprises Index were:

Stock Code	Stock Name	Weighting (%)
3988	Bank of China Ltd. - H Share	10.75
1398	Industrial and Commercial Bank of China Ltd. - H Share	10.16
939	China Construction Bank Corporation - H Share	9.89
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	8.53
2628	China Life Insurance Co. Ltd. - H Share	7.69
857	PetroChina Co. Ltd. - H Share	5.51
386	China Petroleum & Chemical Corporation - H Share	4.84
3968	China Merchants Bank Co. Ltd. - H Share	3.28
1288	Agricultural Bank of China Ltd. - H Share	3.05
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	2.87

If you have any queries concerning the above, please contact us at (852) 2198 3379 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
26 June 2015



HANG SENG INVESTMENT

HANG SENG INVESTMENT SERIES

Explanatory Memorandum

March 2015

Important:

Each Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units in any Fund and the income from them (if any) may go down as well as up. Investors should refer to the section "Risk Factors" of the Explanatory Memorandum for the risks associated with investment in different types of funds and should refer to the Term Sheet of any particular Fund for any additional risk factors.

If you are in any doubt about the contents of this document, you should seek independent professional financial advice.

PRELIMINARY INFORMATION AND SELLING, HOLDING AND TRANSFER RESTRICTIONS

HANG SENG INVESTMENT SERIES ("the Series") is a unit trust established as an umbrella fund under the laws of the Hong Kong Special Administrative Region ("Hong Kong"). Hang Seng Investment Management Limited ("the Manager") is the manager of the Series.

The Manager accepts responsibility for the information contained in this Explanatory Memorandum (including the Term Sheet and the Product Key Facts Statement (if any) for the relevant Fund) as being accurate at the date of publication. However, none of the delivery of this Explanatory Memorandum, the Term Sheet or the Product Key Facts Statement (if any) for the relevant Fund or the offer or issue of Units in the relevant Fund in the Series shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum, the Term Sheet or the Product Key Facts Statement (if any) for the relevant Fund is correct as of any time subsequent to the date of publication. This Explanatory Memorandum, the relevant Term Sheet and the relevant Product Key Facts Statement (if any) may from time to time be updated and the latest versions are available from the Authorised Distributor(s) and the Manager. Unless otherwise stated, statements made in this Explanatory Memorandum, the Term Sheet and the Product Key Facts Statement (if any) for the relevant Fund are based on the law and practice currently in force in Hong Kong.

Distribution of this Explanatory Memorandum in Hong Kong must be accompanied by a copy of the latest available annual financial report for the Series and any subsequent interim financial report. Units in the relevant Fund are offered on the basis only of the information contained in this Explanatory Memorandum and (where applicable) the latest annual financial report and interim financial report for the Series. Any information given or representations made by any dealer, sales representative or other person and (in either case) not contained herein should be regarded as unauthorised and accordingly must not be relied upon.

The Series and certain Funds in it have been authorised by the Securities and Futures Commission in Hong Kong (the "SFC"). SFC authorisation is not a recommendation or endorsement of the Series or a Fund nor does it guarantee the commercial merits of the Series or a Fund or its performance. It does not mean the Series or a Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Series and certain Funds in it have also been authorised/registered for marketing in certain jurisdiction(s) other than Hong Kong. For the authorisation status of the Series and a Fund in the relevant jurisdiction(s), investors may contact the relevant Authorised Distributor(s) in the relevant jurisdiction(s) or the Manager. The distribution of this Explanatory Memorandum and the offering of the Units may be restricted in certain jurisdictions. This Explanatory Memorandum does not constitute and should not be regarded as an offer or solicitation by anyone in any jurisdiction where such offer or solicitation is not authorised or may be unlawful, where the person making such offer or solicitation is not authorised to make it or where the person receiving such offer or solicitation may not lawfully receive it.

In particular:-

- (A) Units in all the Funds in the Series have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state in the U.S. and Units in all the Funds in the Series have not been and will not be registered under the Investment Company Act of 1940, as amended (the "Investment Company Act").

Units in all the Funds in the Series may not be offered or sold to, transferred to or acquired by any "U.S. Person" (a "US Person") and may not be directly or indirectly offered or sold in the U.S. or

for the benefit of a US Person. For the purposes of this restriction, the term US Person shall mean the following:

1. An individual who is deemed a resident of the U.S. under any U.S. law or regulation
2. An entity:
 - i. that is a corporation, partnership, limited liability company or other business entity:
 - a. that was created or organized under U.S. federal or state law including any non-U.S. agency or branch of such entity; or
 - b. where regardless of place of formation or organization, was organized principally for passive investment (such as an investment company or fund or similar entity other than an employee benefit plan or employee pension scheme for the employees, officers, or principals of a non-U.S. entity having its principal place of business outside the United States);
 - and owned directly or indirectly by one or more US Persons, with respect to which such US Persons (unless defined as a Qualified Eligible Person under CFTC Regulation 4.7(a)) directly or indirectly hold in the aggregate 10% or greater beneficial interest; or
 - where a US Person is the general partner, managing member, managing director or other position with authority for directing the entity's activities; or
 - was formed by or for a US Person principally for the purpose of investing in securities not registered with the Securities and Exchange Commission ("SEC"); or
 - where more than 50% of its voting ownership interests or non-voting ownership interests are directly or indirectly owned by US Persons; or
 - c. that is any agency or branch of a non-U.S. entity located in the U.S.; or
 - d. has its principal place of business in the U.S.; or
 - ii. that is a trust created or organized under U.S. federal or state law or regardless of the place of creation or organization:
 - a. where one or more US Persons has the authority to control all substantial decisions of the trust; or
 - b. where the administration of the trust or its formation documents are subject to the supervision of one or more U.S. courts; or
 - c. where any settlor, founder, trustee, or other person responsible for decisions related to the trust is a US Person; or
 - iii. that is an estate of a deceased person regardless of where the person resided while alive where an executor or administrator is a US Person.
3. An employee benefit plan established and administered in accordance with the laws of the U.S.
4. A discretionary or non-discretionary investment account or similar account (other than an estate or trust) held by a non-U.S. or U.S. dealer or other fiduciary for the benefit or account of a US Person (as defined above).

For the purpose of this definition, the "United States" and "U.S." means the United States of America (including the States and the District of Columbia), its territories, possessions and other areas of subject to its jurisdiction.

If, subsequent to a Unitholder's investment in any Fund in the Series, the Unitholder becomes a US Person, such Unitholder (i) will be restricted from making any additional investments in any Fund in the Series and (ii) as soon as practicable have its Units compulsorily redeemed by the Fund (subject to the requirements of applicable law).

The Manager may, from time to time, waive or modify the above restrictions subject to the

provisions of the Trust Deed.

- (B) Units in all the Funds in the Series will not be offered for sale in Canada. In addition, no offer or invitation to subscribe for Units in any Fund in the Series may be made to, and no Units in any Fund in the Series may be held by or transferred to Canadian residents or for the benefit of any Canadian resident. A distribution or solicitation may be deemed to occur in Canada where a distribution or solicitation is made to a person (including an individual, corporation, trust, partnership or other entity, or other legal person) resident or otherwise located in Canada at the applicable time. For these purposes, the following persons will generally be considered to be a Canadian resident:
1. An individual, if
 - i. the individual's primary principal residence is located in Canada; or
 - ii. the individual is physically located in Canada at the time of the offer, sale or other relevant activity.
 2. A corporation, if
 - i. the corporation's head office or principal office is located in Canada; or
 - ii. securities of the corporation that entitle the holder to elect a majority of the directors are held by Canadian Resident individuals (as described above) or by legal persons resident or otherwise located in Canada; or
 - iii. the individuals that make investment decisions or provide instructions on behalf of the corporation are Canadian Resident individuals (as described above).
 3. A trust, if
 - i. the principal office of the trust (if any) is located in Canada; or
 - ii. the trustee (or in the case of multiple trustees, the majority of trustees) are Canadian Resident individuals (as described above) or are legal persons resident or otherwise located in Canada; or
 - iii. the individuals that make investment decisions or provide instructions on behalf of the trust are Canadian Resident individuals (as described above).
 4. A partnership, if
 - i. the partnership's head office or principal office (if any) is located in Canada; or
 - ii. the holders of the majority of the interests of or in the partnership are held by Canadian Residents (as described above); or
 - iii. the general partner (if any) is a Canadian Resident (as described above); or
 - iv. the individuals that make investment decisions or provide instructions on behalf of the partnership are Canadian Resident individuals (as described above).

Each applicant for Units in any Fund in the Series will be deemed to represent and warrant that:-

- (a) the applicant is able to acquire and hold Units in the relevant Fund without breach of any applicable laws;
- (b) the applicant is not a resident of Canada or a US Person and does not hold or intend to hold Units in the relevant Fund in the Series for the benefit of any such person;
- (c) the applicant will observe and be bound by the provisions of the Trust Deed (as amended from time to time) constituting the Series;
- (d) the applicant has received and considered this Explanatory Memorandum, the Term Sheet and the Product Key Facts Statement (if any) for the relevant Fund and that the applicant's application for Units in the relevant Fund is based thereon; and
- (e) the applicant has read and fully understood the risks involved with investment in Units in the relevant Fund in the Series as set out in this Explanatory Memorandum, the Term Sheet and the

Product Key Facts Statement (if any) for the relevant Fund.

Potential applicants for Units in any Fund in the Series should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding, conversion or disposal of Units in the relevant Fund in the Series.

Enquiries and Complaints to the Manager

All investors' enquiries and complaints directed to the Manager should be made in writing and sent to the following address:

Hang Seng Investment Management Limited
83 Des Voeux Road Central
Hong Kong

The Manager will respond to investors' enquiries or complaints in writing as soon as practicable.

March 2015

HANG SENG INVESTMENT SERIES

Manager

HANG SENG INVESTMENT MANAGEMENT LIMITED
83 Des Voeux Road Central
Hong Kong

Trustee and Registrar

HSBC INSTITUTIONAL TRUST SERVICES (ASIA) LIMITED
1 Queen's Road Central
Hong Kong

Auditors

KPMG
8th Floor Prince's Building
10 Chater Road
Central
Hong Kong

Legal Advisers

DEACONS
5th Floor Alexandra House
18 Chater Road
Central
Hong Kong

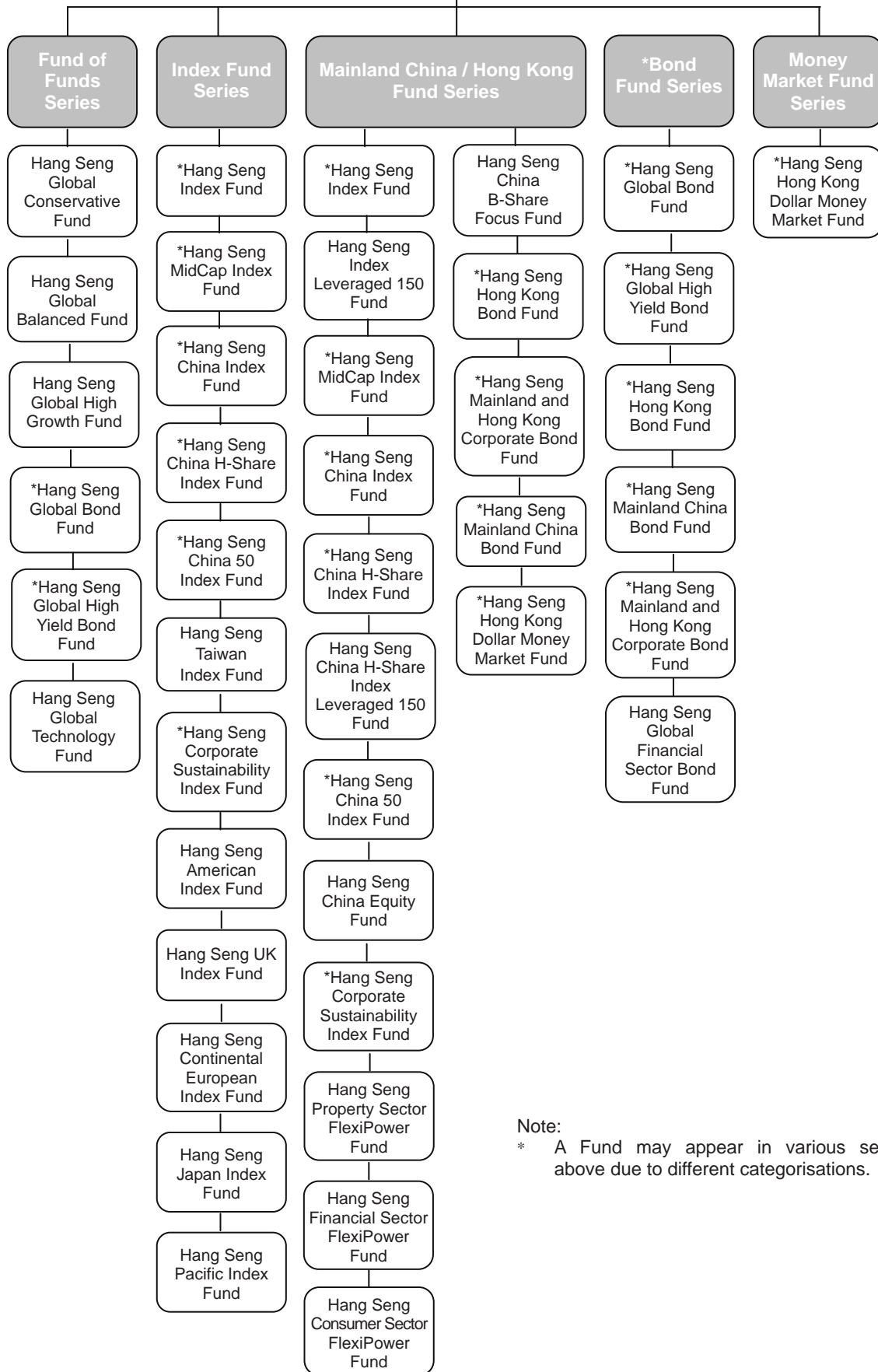
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Hang Seng Investment Series



Note:

* A Fund may appear in various series above due to different categorisations.

DEFINITIONS

Authorised Distributor	any person appointed by the Manager to distribute some or all of the Funds to potential investors
Business Day	any day (except Saturday) on which banks in Hong Kong are open for normal banking business provided that where, as a result of a Number 8 Typhoon Signal or higher or a black rain storm warning or other similar event, the period during which banks in Hong Kong are open for normal banking business on any day is reduced, such day shall not be a Business Day unless the Manager otherwise determines
CIS	Collective Investment Scheme, as defined in the Trust Deed
Connected Person	Connected Person, as defined in the Trust Deed
Dealing Day	in relation to a Fund, means each Business Day or such other day or days in each week or each month as are specified in the relevant Term Sheet, as the Manager may from time to time, with the approval of the Trustee, determine for processing applications for subscription, redemption and switching of Units in a Fund
Fund	a separate pool of assets within the Series with respect to which one or more separate classes of Units may be issued and which is invested and administered separately from other assets of the Series
Hong Kong	the Hong Kong Special Administrative Region
HK\$ or HK dollars	the currency of Hong Kong
Manager	Hang Seng Investment Management Limited
Net Asset Value	in relation to a Fund, means the net asset value of such Fund or, as the context require, of a Unit of the class or classes relating to such Fund, calculated as described in the section below headed "VALUATION OF FUNDS AND UNIT PRICES"
PRC	the People's Republic of China
Register	the register of Unitholders
Registrar	HSBC Institutional Trust Services (Asia) Limited, or such person as may from time to time appointed to keep the Register
Series	Hang Seng Investment Series
SFC	Securities and Futures Commission in Hong Kong
Term Sheet	the term sheet containing Fund-specific information in relation to a Fund which is provided with this Explanatory Memorandum
Trust Deed	the trust deed dated 23 June 1998 establishing the Series, as amended from time to time

Trustee	HSBC Institutional Trust Services (Asia) Limited
Unitholder	a registered holder of Units
Unit	where there is only one class of Units in issue in relation to a particular Fund, one undivided share in the Fund to which it relates. Where more than one class of Units is in issue in relation to a Fund, the number of undivided shares of that Fund represented by a Unit of a particular class is adjusted to take account of the different terms of issue of the different classes of Units. A fraction of a Unit of the same class shall represent the corresponding fraction of an undivided share in the relevant Fund or part of the relevant Fund
US\$ or US dollars	the currency of the United States of America
Valuation Point	in relation to a Fund, means such time or times as the Manager and the Trustee may agree on each Dealing Day on which the Net Asset Value of such Fund or, as the context may require, of a Unit of the class or classes relating to such Fund is to be calculated

HANG SENG INVESTMENT SERIES was originally constituted as a Cayman Islands unit trust by a trust deed dated 23 June 1998 between Hang Seng Investment Management Limited as manager, HSBC Trustee (Cayman) Limited as trustee and Hang Seng Data Services Limited. Pursuant to a Deed of Removal of the Trust to Another Jurisdiction and Replacement of Trustee dated 20 February 2014, the Series was removed from the jurisdiction of the Cayman Islands to the jurisdiction of Hong Kong and the Trustee was appointed as trustee in place of HSBC Trustee (Cayman) Limited with effect on and from 21 March 2014. As such, the Trust Deed is currently governed by the laws of Hong Kong. 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 Series has been established as an umbrella fund and accordingly the assets of the Series may be separated into different Funds. More than one class of Units may be offered in relation to a particular Fund. Each Fund will have its own separate and distinct investment objective and policies. The current Funds and their investment objectives and policies are described in the Term Sheets for such Funds. Additional classes of Units and/or additional Funds may be created in the future.

INVESTMENT OBJECTIVES AND POLICIES

Investment Objectives and Policies

The Series is designed to offer a range of Funds, each with separate and distinct investment objective and policies. The current Funds and their investment objectives and policies are described in the Term Sheets for such Funds.

Investment Restrictions

The investment restrictions applicable to a Fund depend on the investment objective and policies of the relevant Fund. For example, a Fund may be actively invested in equities and/or bonds. Other Funds may invest solely in other CISs or may be managed as money market funds. The normal investment restrictions applicable to different types of Funds are summarised in the "Investment Restrictions" sub-section under "GENERAL" below. Any variations to these restrictions applicable to a particular Fund are set out in the Term Sheet relating to that Fund.

Borrowings

The purposes for which borrowings may be made and the restrictions on the level of borrowings which may be made for each Fund are set out in the Term Sheet relating to that Fund. The assets of a Fund may be charged or pledged as security for any borrowings for the account of that Fund.

RISK FACTORS

Each Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units in any Fund may go down as well as up. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in a Fund unless they fully understand and are willing to take the various risks associated with a Fund's underlying investments (which may expose a Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note the following risks associated with investment in different types of Funds and should refer to the Term Sheet of any particular Fund for any additional risk factors. Investors should also pay attention to the fees, charges and expenses applicable to the relevant Fund.

This "RISK FACTORS" section sets out the general risks associated with investments in the Funds and investors should consider the information provided below before investing in any Fund. Whilst to the best of knowledge of the Manager, this Explanatory Memorandum includes the information necessary for investors to be able to make an informed judgment of their investments and in particular the risks attached thereto, investors should however not solely rely upon the information provided below for any investment in any Fund.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not a Fund is suitable for them, they should obtain independent professional advice. Each investor should only reach an investment decision after taking financial, tax, accounting, legal and other advice where he/she considers appropriate in connection with his/her proposed investment in any of the Funds.

General Risks:

Investment Risk

Investors should be aware that investment in any Fund is subject to normal market fluctuations and other risks inherent in the underlying assets into which the relevant Fund may invest. There can be no assurance that any appreciation in value of investments will occur. There is no assurance that the investment objectives of the relevant Fund will actually be achieved, notwithstanding the efforts of the Manager since changes in political, financial, economic, social and/or legal conditions are not within the control of the Manager. Accordingly, there is a risk that investors may not recoup the original amount invested in the relevant Fund and may even lose a substantial part or all of their initial investments. Further, any past performance of the relevant Fund should not be taken as an indication of the Fund's future performance.

Passive Investment

Investors will have no opportunity to participate in any Fund's daily management or to select or evaluate any Fund's investments or strategies as investments of the Fund are made

according to its pre-defined investment objective and policies by the Manager.

Suspension of Redemption and Illiquidity of Units

The Manager has the power to suspend the redemption of the Units in any Fund or delay the payment of redemption proceeds in the circumstances provided in the sub-sections headed “Restrictions on Redemption” and “Suspension of Calculation of Net Asset Value” below. The suspension of a Unitholder’s right of redemption in response to such circumstances would result in the Units in the relevant Fund being an illiquid investment until such suspension is lifted.

Liquidity Risk

Investors should note that certain Funds are only suitable for medium to long-term investment. For these types of Funds, investors should consider their need to maintain sufficient liquid assets and satisfy themselves that these types of Funds are suitable for them in terms of their own circumstances and financial position before making any decision to invest in them.

Concentration Risk

Investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in any particular Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Exchange Rate Risk

Assets of certain Funds may be denominated in currencies other than the base currencies of such Funds and the currency of some assets may not be freely convertible. These Funds may be adversely affected by changes in exchange rates between the currencies in which the assets of the relevant Fund are held and the base currency of such Fund.

Risk of subsequent changes in legal environment and taxation

It is possible that a law, regulation or practice including that relating to tax issues might change or that the current interpretation or understanding of such law, regulation or practice might be changed and that such change has retrospective application which might adversely affect a Fund.

Risk of Termination of the Series and/or Funds

The Series and/or any Funds and the class or classes of Units relating to such Funds (as the case may be) may be terminated by the Manager or the Trustee under certain conditions and in the manner as specified in the sub-section headed “Termination of the Series and/or Funds” under “GENERAL” below and in the Trust Deed. It is possible that, at the time of such termination, investors have to realize their investment loss and will not be able to receive an amount equal to their capital originally invested.

Risks for Funds which are direct investment funds:

Risks for Funds investing in Equities

Funds which invest in equities are subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in local and global marketplace. Securities exchanges normally have the right to suspend or limit trading in any securities traded on the relevant exchanges under certain circumstances. A suspension or limitation on trading means liquidation of such securities is impossible and the Fund investing in these securities may be subject to losses.

Risks for Funds investing in Fixed Income Instruments

- (1) **Interest Rate Risk**
Funds which invest in fixed income instruments are subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, market value of fixed income instruments tends to fall. Long-term fixed income instruments in general are subject to higher interest rate risk than short-term fixed income instruments.
- (2) **Credit Risk**
Funds which invest in fixed income instruments are also subject to risk that the issuer of such fixed income instruments being unable or unwilling to make timely principal and/or interest payments, or to honor its obligations. If the issuer of a fixed income instrument in which a Fund invests defaults, the performance of the Fund will be adversely affected.
- (3) **Lower Rated, Higher Yielding Debt Securities**
Funds which invest in fixed income instruments may invest in lower rated, higher yielding debt securities. Accordingly, Funds which invest in these kind of debt securities, to some extent, shall be subject to a higher degree of credit risk than Funds which invest in higher rated, lower yielding debt securities. Usually, there are fewer investors in lower-rated debt securities and it may be more difficult to acquire or dispose such securities due to lower liquidity.

Risks for Funds investing in Specialised Sectors or specific country(ies)

A Fund which invests in a small market sector is likely to be more volatile than a diversified fund across more regions. Any Fund investing in specialised sectors or specific country(ies) may be subject to the risks associated with that particular sectors or country(ies). Whilst such strategy provides a focused investment and aims to achieve for higher returns, it also limits risk diversification. Further, a Fund that invests in a specialised market sector of a single country carries even a higher concentration risk.

Risks for Funds investing in Technology Related Companies

Funds which invest in technology sector may be subject to a greater risk and a higher volatility than those Funds which invest in a broader range of securities covering different economic sectors. The equity securities of the companies in which these Funds may invest are likely to be affected by world-wide scientific or technological developments, and the products or services of such companies may rapidly fall into obsolescence. In addition, some of these companies offer products or services that are subject to governmental regulation and may, therefore, be adversely affected by change in governmental policies. Thus, investment in securities of such companies made by the relevant Funds may thus drop sharply in value in response to market, research or regulatory setbacks.

Risks for Funds investing in Companies with Medium or Small Capitalisation

Funds which invest in listed shares of companies with medium or small capitalisation may, from time to time, and especially in falling markets, become illiquid and experience short-term price volatility and wider spreads between bid and offer prices and thus may involve higher risk than Funds which invest in shares of companies with large capitalisation.

Risks for Funds investing in Emerging and Developing Markets

Funds which invest in securities of issuers located in emerging and developing markets such as the Eastern Europe, Pacific and Latin American region could involve special considerations and risks. The special risks include, but are not limited to, the following:

- (a) **Exchange Rate Risk:** The currencies in which investments are denominated may be very volatile and subject to higher degree of fluctuations and greater risk of

depreciation. Such currencies may not be freely convertible.

- (b) **Country and Capital Market Risk:** Investments of such Funds may be subject to additional risks due to the particular political, legal, economic, social and fiscal uncertainties and instabilities of such markets. The value and liquidity of the underlying assets as well as the performance of the Funds may be affected. Investments in such country or market can be negatively impacted by low liquidity (i.e. types of market instrument and/or market participants), less developed legal and regulatory system, greater counterparty risk and poor transparency (i.e. less government supervision and regulation). In certain countries, there may be restrictions on foreign investments. Differences in clearance and settlement system may make it more difficult to engage in transactions due to the possible delay and administrative uncertainties involved in settlement of transactions.
- (c) **Custody Risk:** Custodians may not be able to offer the same level of service such as safe-keeping, settlement and administration of securities that is customary in more developed markets or countries. The legislative framework in some countries or markets is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in securities. Consequently the courts and/or the relevant authorities in such markets may consider that any nominee or custodian as registered holder of securities would have full ownership thereof and that a beneficial owner may have no rights whatsoever in respect thereof.
- (d) **Disclosure:** Differences in accounting, auditing and financial reporting standards may result in limited disclosure of material information about the companies, the securities of which a Fund may invest in. Even if information is disclosed, it may not be always reliable, correct and complete.
- (e) **Exchange Control Risk:** There may be exchange controls imposed by the governments of certain emerging and developing markets on the remittance of funds into and out of the countries, including that in respect of the investment principal and income derived from investment. In particular, under the relevant PRC laws, regulations or measures there are restrictions on “Qualified Foreign Institutional Investors” regarding the repatriation of the relevant investment capital out of the PRC. Thus, Funds which make investments in the PRC through “Qualified Foreign Institutional Investors” will be subject to all risks associated therewith.

Risks for Funds which invest in Derivatives

A derivative is a financial contract the value of which depends on, or is derived from, the value of an underlying asset such as a security or an index. Funds investing in derivatives may invest in stock index, options, future contracts and other types of derivatives. Such Funds may utilize both exchange-traded products and over-the-counter derivatives. Compared to equity securities, derivatives can be more sensitive to changes in market prices of the underlying assets and thus the market prices of derivatives may fall in value as rapidly as they may rise. Investors investing in such Funds are exposed to higher degree of fluctuation than traditional funds. Transactions in over-the-counter derivatives may involve additional risk as there is no regulated market for such derivatives. It may not always be possible for such Funds to dispose of their investment or liquidate an existing position especially in a falling market. Investing in derivatives also involves other types of risks including, but not limited to the risk of adopting different valuation methodologies and imperfect correlation between the derivative and its underlying securities, rates and indices.

Risks for Funds which are funds of funds:

Depending on the kind of the investments made by the underlying CISs, funds of funds are

subject to certain risks described above for Funds which are direct investment funds and are also subject to the following risks.

Valuation of the underlying CISs

The Net Asset Value of each such Fund is based primarily upon the value of each Fund's holdings of the underlying CISs. In valuing its holdings, the relevant Fund will need to rely primarily on unaudited financial information provided or reported by these underlying schemes, their agents and/or market makers. If the financial information used by these underlying schemes to determine the value of their own securities is incomplete or inaccurate or if such valuation does not adequately reflect the current market value of the holdings of these underlying schemes, the Net Asset Value of the relevant Fund so calculated may not reflect the fair value of the investment of such Fund. Such Fund may also experience a delay in receiving net asset value calculations for the underlying CISs if the dealing day of such schemes is not the same as that of the Fund.

Specific features of Funds of Funds

Investors should understand the specific features of funds of funds and the implications of such Fund investing in other CISs. Investment decisions of the underlying schemes are made at the level of such schemes and it is possible that the managers of these underlying schemes will take positions or engage in transactions in the same securities or in issues of the same asset class, industry, country or currency at the same time. It is possible that one underlying scheme may acquire an asset while another may dispose of it at about the same time. There can be no assurance that the selection of the managers of the underlying schemes will result in an effective diversification of investment styles and that positions taken by the underlying schemes will always be consistent.

Supervision of the underlying CISs

Each Fund is permitted to invest up to 10% of its Net Asset Value in CISs which are not authorised by the SFC or are established in jurisdictions which are not recognised by the SFC (for the purpose of such investment restriction) and in respect of which limited supervision may be exercised over such schemes by regulators. The efficiency of any supervision or of other safeguards may be affected by a lack of precision of investment and risk diversification guidelines applicable to, and the flexibility of the investment policies pursued by, such schemes.

Potential Duplication of Fees

Investors should be aware that each Fund bears the fees payable to the Manager and other service providers as well as, indirectly, a proportionate share of the fees paid by the underlying schemes to their managers and other service providers and that there may be a duplication of fees.

Risks for Funds which are feeder funds:

Depending on the kind of investments made by the underlying CIS invested by the relevant Fund, feeder funds are subject to certain risks described above for Funds which are direct investment funds and are also subject to the following risks.

Unlike a direct investment fund, which makes investments directly, a feeder fund achieves its investment objective by investing solely in another CIS which is authorised by the SFC with a substantially similar investment objective as that of the relevant Fund. Investors should note that it may be possible for them to invest directly in the underlying CIS invested by the relevant Fund, in which case they will be bearing the fees charged by the underlying CIS directly which may be lower than the fees they would have to bear for investing in the relevant Fund.

Investors of feeder funds will also be subject to the liquidity risk of the underlying CIS as well as the exchange rate risk if the relevant Fund and its underlying CIS are denominated in different currencies. Please refer to the heading “General Risks” above for more detailed explanation of the exchange rate risk.

Risks for Funds which are index funds:

Index funds are subject to certain risks described above for Funds which are direct investment funds and are also subject to the following risks.

Risks associated with Passive Investments

Index funds are not actively managed. Accordingly, an index fund may be affected by a decline in the world market segments relating to its underlying index. An index fund normally invests in the constituent stocks of the underlying index or securities which reflect the performance of the underlying index. The Manager, however, does not have the discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the underlying index will result in a corresponding fall in the value of the Fund.

Tracking Error Risk

Factors such as the fees and expenses of an index fund, any adjustment made to the Net Asset Value per Unit of the relevant class which is considered to be an appropriate allowance to reflect duties (such as stamp duties) and charges which would be incurred if the index fund's investments were to be acquired or sold in certain circumstances as referred to in the sub-section “Calculation of Issue Price and Redemption Price” under “VALUATION OF FUNDS AND UNIT PRICES”, imperfect correlation between an index fund's assets and the securities constituting its underlying index, rounding of share prices, changes to the underlying indices and regulatory policies may affect the Manager's ability, for a particular trading session/day or otherwise, to achieve close correlation with the underlying index for the relevant index fund. An index fund's returns may therefore deviate from that of its underlying index.

Concentration Risk

To the extent that an index concentrates in the securities of a particular stock, group of stocks, industry or group of industries, the relevant index fund may similarly be concentrated in its investments. The index fund's performance would thus depend heavily on the performance of that stock, group of stocks, industry or group of industries and could be more volatile than the performance of less concentrated funds and be subject to greater price volatility associated with its investments than would be the case for a diversified fund. Such concentration would also mean that an index fund may be more susceptible to any single economic, market, political or regulatory occurrence.

Risks associated with Overseas Investment

An index fund normally invests entirely within or relates to the equity markets of a single country or region. Investing in such overseas markets will expose the Fund to risks associated with overseas investment including market fluctuations caused by factors affected by political and economic development. Investing in the securities of non-Hong Kong companies involves special risks and considerations not typically associated with investing in Hong Kong companies. These include differences in accounting, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which could affect investments in foreign countries, and potential restrictions on the flow of international capital. Non-Hong Kong companies may be subject to less governmental regulation than Hong Kong companies. Moreover, individual foreign economies may differ favourably or unfavourably from the Hong Kong economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

INVESTMENT MANAGEMENT

The Manager of the Series is Hang Seng Investment Management Limited. The Manager may appoint investment managers or investment advisers to assist the Manager to manage particular Funds. Any such appointments will be described in the Term Sheets for the relevant Funds.

Hang Seng Investment Management Limited was incorporated in Hong Kong with limited liability in April 1993. It is a wholly-owned subsidiary of Hang Seng Bank Limited (the "Bank") and is the investment arm of its parent. It also provides investment management services to the Bank and the Bank's customers and has extensive experience in managing index-tracking funds, retirement funds, institutional accounts and private client portfolios. It is also the investment manager for the approved index-tracking collective investment schemes that are invested directly by two constituent funds namely Hang Seng Index Tracking Fund and Hang Seng H-Share Index Tracking Fund under the Hang Seng and HSBC MPF schemes. The Hang Seng Index Fund under the Series was launched in 1998 and is one of the early index funds in Hong Kong to track the performance of Hang Seng Index.

Founded in 1933, the Bank is a principal member of the HSBC Group, one of the world's largest banking and financial services organisations. The Bank operates around 240 service outlets serving both personal and business customers. The Bank also maintains branches in Macau and Singapore, and a representative office in Taipei. Established on 28 May 2007, wholly owned subsidiary Hang Seng Bank (China) Limited operates a network of 50 outlets in Beijing, Shanghai, Guangzhou, Shenzhen, Fuzhou, Nanjing, Dongguan, Hangzhou, Ningbo, Tianjin, Kunming, Xiamen, Chengdu, Foshan, Zhongshan, Huizhou, Zhuhai, Jiangmen and Shantou. With total assets of HK\$1,264.0 billion as at the end of 2014, the Bank reported a profit attributable to shareholders of HK\$15,131 million in 2014.

As a wholly-owned subsidiary of the Bank, Hang Seng Investment Management Limited has the full financial and technical support from its parent including its computer operating systems and internal control procedures.

The members of the board of directors of Hang Seng Investment Management Limited are Andrew Fung Hau Chung, Lee Pui Shan, Luk Sai Lung, Ngan Man Kit and Lau Chuen Chung.

DISTRIBUTORS

The Manager may appoint one or more Authorised Distributor(s) to distribute one or more Fund(s) and/or one or more class(es) of Units of a Fund (where more than one class of Units is issued for that Fund), and to receive applications for subscription, redemption and/or switching of Units on the Manager's behalf and any such Authorised Distributor, its employees and/or its agents may out of any fees, charges or amounts that the Manager is entitled to receive from the relevant Fund, to receive or enjoy rebates, discounts, commissions, sales incentives, fees, benefits and/or other advantages in different forms and at varying rates arising out of or in connection with investor's investment in that Fund made through such Authorised Distributor. Currently, Hang Seng Bank Limited has been appointed as one of the Authorised Distributors in Hong Kong.

Individual Authorised Distributor may have the discretion, from time to time, to decide on the following matters in relation to the Funds distributed by it:

- (1) to decide which Funds and/or classes of Units are available for subscription and/or switching by investors through the relevant Authorised Distributor;

- (2) to charge relevant fees up to those set out in the relevant Term Sheet(s) in relation to any applications for subscription, redemption and/or switching of Units and/or charge any other fees and expenses for providing its services;
- (3) to set a cut-off time for receipt of payment or for receipt of applications for the subscription, redemption and/or switching of Units earlier than those set out in the relevant Term Sheet(s), and such cut-off time(s) will apply to those investors dealing through the relevant Authorised Distributor;
- (4) to set different cut-off times for receipt of payment or for receipt of applications for the subscription, redemption and/or switching of Units through different channels, but such cut-off time(s) in any case will not be later than those set out in the relevant Term Sheet(s), and such cut-off time(s) will apply to those investors dealing through the relevant Authorised Distributor;
- (5) in relation to applications for switching of Units which will involve a redemption of Units of the first Fund followed by a subscription of Units of the second Fund, if the cut-off time for receipt of applications for redemption of Units of the first Fund is later than the cut-off time for receipt of applications for subscription of Units of the second Fund, to apply the subscription cut-off time for the second Fund as the cut-off-time for such applications for switching of Units, and this will apply to those investors dealing through the relevant Authorised Distributor;
- (6) to set a minimum investment and holding criteria equal to or higher than that set out in the relevant Term Sheet(s) (if any), and such minimum investment and holding criteria will apply to those investors dealing through the relevant Authorised Distributor;
- (7) to reject to process in whole or in part any applications for subscription and/or switching of Units for whatever reasons, including but not limited to applications reasonably suspected by the relevant Authorised Distributor to be associated with market timing and/or active trading practices (without disclosing the reason for the relevant suspicion), and to refuse to process an application for redemption of Units, if the relevant investor failed to provide a proper redemption request or such other information as the Authorised Distributor and/or the Manager may from time to time specify, or an application for a partial redemption of Units or switching out of a Fund which would result in the aggregate value of all Units held by or on behalf of the investor after such partial redemption or switching out failing to reach the minimum investment and holding amount as set by the relevant Authorised Distributor, in which case, the relevant Authorised Distributor may request the investor to redeem his holdings in full;
- (8) to refuse to process any application for subscription or transfer of Units which would result in a breach of any of the selling, holding or transfer restrictions set out in the section headed "Preliminary Information And Selling, Holding and Transfer Restrictions"; and
- (9) to apply additional selling restrictions other than those set out in this Explanatory Memorandum and/or the Term Sheet of the relevant Fund (if any).

Investors should refer to the relevant Authorised Distributor for details of any of the above matters.

Each of the Authorised Distributors shall have no obligation to provide to the investors and/or Unitholders any investment advice.

Investors who make subscription of Units of any Fund through any Authorised Distributor should note that their Units may be held by a nominee appointed by the relevant Authorised Distributor on their behalf and therefore may be subject to the risk associated with such nominee arrangement. Although investors are the beneficial owners of the relevant Units under such arrangement, the Units are legally owned by the relevant nominee. Under such circumstances, investors do not have any direct contractual relationship with the Manager, and therefore will not have any direct recourse to the Manager and can only pursue any claim in relation to the relevant Units through the nominee.

TRUSTEE AND REGISTRAR

The Trustee of the Series is HSBC Institutional Trust Services (Asia) Limited, which is a trust corporation incorporated in Hong Kong.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Series. The Trustee may, however, appoint any person or persons to be the custodian of such assets.

The Trustee also acts as the Registrar of the Series.

ISSUE OF UNITS

Units of a class will initially be offered to investors on the terms described in the relevant Term Sheet.

Subject as otherwise provided in the relevant Term Sheet, after such initial offer, Units of a class will be available for issue on each Dealing Day. In order for applications to be dealt with on a particular Dealing Day, applications must be received by the Manager prior to the application cut-off time for that Dealing Day and the relevant application monies must be received in cleared funds on behalf of the Series prior to the payment cut-off time for such Dealing Day (both as specified in the relevant Term Sheet). Different application cut-off times and payment cut-off times may apply in relation to different classes of Units. Subject to the Manager's discretion to accept some late applications from an Authorised Distributor as applications received before the relevant cut off time for that Dealing Day in certain situations as specified in the relevant Term Sheet, applications and application monies received after the relevant cut-off time for that Dealing Day will be processed on the next Dealing Day.

The issue price of Units in a Fund on a Dealing Day will be calculated based on the Net Asset Value of that Fund as at the applicable Valuation Point on the Dealing Day to which the application relates.

Details of the Valuation Point applicable to each Dealing Day (or Valuation Points where a Fund deals more frequently than daily) are set out in the Term Sheets.

Minimum Investment and Subsequent Holding

Subject as otherwise provided in the relevant Term Sheet, the Manager does not require a minimum investment or holding for any Fund. However, Authorised Distributors may impose an amount which is equal to or higher than the minimum investment and holding criteria as set out in the relevant Term Sheet (if any).

Preliminary Charge

Subject as otherwise provided in the relevant Term Sheet, the Manager is entitled to a

preliminary charge of up to 5% of the issue price of each Unit. The Manager has a discretion to waive this preliminary charge in whole or in part in relation to any application for Units.

Application Procedure

Applications for Units may be made by completing the relevant instruction form of any Authorised Distributor or the application form of the Manager and sending it to the relevant Authorised Distributor or the Manager, as the case may be, together with payment for the Units and the preliminary charge. The relevant Authorised Distributor or the Manager, as the case may be, will provide payment details for payment of the Units and the preliminary charge.

Where application monies are paid in a currency other than the currency of the relevant class of Units, they will be converted, at the cost of the investor, into such currency before being applied (net of all currency conversion costs) in the purchase of Units. Conversion of currencies may involve some delay. No payment by any person other than the applicant will be allowed.

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Anti-Money Laundering Regulations

The Trustee and the Manager have responsibility to prevent money laundering. They may require detailed verification of an prospective investor's identity and the source of the payment of application monies. Depending on the circumstances of each application, a detailed verification may not be required where: (a) the investor makes payment from an account in the investor's name at a recognised financial institution; (b) the investor is regulated by a recognised regulatory authority; or (c) the application is made through a recognised financial intermediary. The foregoing will only apply if the financial institution, regulatory authority or intermediary referred to is within a country recognised by Hong Kong as having sufficient anti-money laundering regulations.

The Trustee and the Manager reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and return the application monies relating to such application.

Neither the Manager, nor the Trustee, nor their delegates shall be liable to the applicant for any loss suffered by the applicant as a result of the rejection or delay of any.

Measures against Market Timing and/or Active Trading

The Manager does not knowingly allow investments which are associated with market timing and/or active trading practices as such practices may adversely affect the interests of Unitholders of Funds in the Series.

In general, market timing refers to the investment behaviour of an individual, a company or a group of individuals or companies buying, selling or exchanging shares or other securities by taking advantage of time differences and/or imperfections and deficiencies in the methodology adopted for determining the value of such shares or other securities. Market timers may also include individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by frequent or large exchanges. Market volatility may result in the latest available prices of shares or other securities held by a Fund not accurately reflecting the fair value of shares or other securities as at a Valuation Point of the Fund. This situation could be exploited by market timers who are aware of the direction of

market movement by reference to predetermined market indicators, and who might deal to exploit the difference between the next published Net Asset Value of a Fund and the fair value of its investments. By these investors paying less than the fair value for Units on issue, or receiving more than the fair value on redemption, other Unitholders may suffer a dilution in the value of their holdings in the Fund.

In particular, for a Fund which is a fund of funds, as the time difference between the close of the relevant markets in which the Fund invests and the Valuation Point of the Fund can be significant, during periods of market volatility or where the Manager considers that market changes during the period of time difference are significant and may materially affect the value of the underlying CISs, to protect Unitholders' interests against market timing the Manager may, with the consent of the Trustee, adjust the Net Asset Value of the Fund to reflect more accurately the fair value of all or any of the underlying CISs based upon movement of one or more proxy indexes which the Manager believes are strongly correlated to and representative of the performance of the underlying CISs. Please read the sub-section headed "Calculation of Net Asset Value" for more details.

As a safeguard against market timing, the Manager may with the consent of the Trustee, adjust the value of an investment of a Fund or permit some other method of valuation of such investment to be used if, having regard to the currency, applicable rate of interest, maturity, marketability of such investment, accounting treatment for such investment, the estimated market price of such investment as at the Valuation Point and other considerations the Manager deems relevant, it considers that such adjustment or use of such other method is required to reflect the fair value of such investment. For details, please refer to the sub-section "Calculation of Net Asset Value" under "VALUATION OF FUNDS AND UNIT PRICES".

In the course of buying and selling investments, the Fund will incur dealing expenses which will be paid out from the net assets of the Fund and hence indirectly shared among all investors in the Fund. If substantial active trading transactions within a Fund are undertaken by a single investor or a small group of investors, this may significantly increase the dealing costs of the Fund.

The Manager has an absolute discretion to reject in whole or in part an application for subscription and/or switching of Units in any Fund if the Manager reasonably suspects that such application is associated with market timing and/or active trading practices, without disclosing the reason for the relevant suspicion.

General

Units issued by the Series will be held for investors in registered form. Certificates will not be issued. A contract note will be issued upon acceptance of an investor's application and the receipt of cleared funds and the contract note will be forwarded by ordinary post (at the risk of the person entitled thereto).

Fractions of not less than one-thousandth of a Unit (or such smaller fraction as specified in the Term Sheet for the relevant class of Units) may be issued. Application monies representing smaller fractions of a Unit will be retained by the relevant Fund.

The Manager has an absolute discretion to accept or reject in whole or in part an application for Units and reserves the right not to disclose the reason for rejecting such application. Subject as otherwise provided in the relevant Term Sheet, in the event that an application is rejected, application monies will be returned without interest by cheque posted at the risk of the person(s) entitled thereto or by telegraphic transfer at the discretion of the Manager and expense of the applicants. No Units of a Fund will be issued where the determination of the

Net Asset Value of that Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

REDEMPTION OF UNITS

Redemption Procedure

Investors who purchased their Units through an Authorised Distributor and have the relevant Units held by the nominee appointed by the Authorised Distributor on their behalf should refer to such Authorised Distributor for details of the redemption procedure. Unitholders may redeem their Units on any Dealing Day in whole or in part by submitting application to the Manager as described below. The Manager may refuse to accept an application for a partial redemption of Units if, as a result, the Unitholder would hold Units of the relevant class having a value of less than the minimum holding for such Units.

A redemption application must be given in writing. It must specify the number (or in cases where the Manager, in its discretion, considers as appropriate, the redemption amount) and class of Units to be redeemed, the Fund to which the Units relate and the name(s) of the registered holder(s) and must give payment instructions for the redemption proceeds to be paid. In order for redemption to take effect on a particular Dealing Day, the redemption application must be received by the Manager not later than the redemption cut-off time for that Dealing Day (as specified in the relevant Term Sheet). Different redemption cut-off times may apply in relation to different classes of Units. Subject to the Manager's discretion to accept some late applications from an Authorised Distributor as redemption applications received before the relevant cut off time for that Dealing Day in certain situations as specified in the relevant Term Sheet, redemption applications received after the relevant cut off time for that Dealing Day will be processed on the next Dealing Day.

Units redeemed on a Dealing Day will be redeemed at a price based on the Net Asset Value of the relevant Fund as at the applicable Valuation Point on the Dealing Day to which the redemption request relates.

Where so specified in the relevant Term Sheet, the Manager has the power to deduct from the proceeds of redemption a redemption charge of up to 4% of such proceeds. The Manager has discretion to waive this redemption charge in whole or in part in relation to any redemption request. If at any time during the period from the time as at which the redemption price is calculated and the time at which redemption monies are converted out of any other currency into the base currency of the relevant Fund there is an officially announced devaluation of that currency, the amount payable to any relevant redeeming Unitholder may be reduced as the Manager considers appropriate to take account of the effect of that devaluation.

Payment of Redemption Proceeds

Redemption proceeds will not be paid to any redeeming Unitholder until (a) the written original of the redemption request duly signed by the Unitholder (or each joint Unitholder) has been received by the Trustee and (b) the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee. No payment to any person other than the redeeming Unitholders is allowed.

Subject as mentioned above and as otherwise provided in the relevant Term Sheet and except where the redeeming Unitholder gives alternative payment instructions, redemption proceeds less any applicable redemption charge will be paid to the redeeming Unitholder (or to the first-named of joint Unitholders) by cheque in the base currency of the relevant Fund posted at the risk of the relevant Unitholders; normally, where the relevant Fund is authorised by the SFC, not later than one calendar month after receipt by the Manager of a properly documented redemption request (subject as otherwise provided in the relevant Term Sheet).

Redemption proceeds may also be paid to the Unitholder by telegraphic transfer at the discretion of the Manager and at the expense of the Unitholder.

Under the Trust Deed, the Manager has the power subject to the relevant redeeming Unitholders' consent to pay redemption proceeds in whole or in part by transferring investments of the relevant Fund to the relevant redeeming Unitholders.

Restrictions on Redemption

The Manager may suspend the redemption of Units or delay the payment of redemption proceeds during any periods in which the determination of the Net Asset Value of the relevant Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

Subject to specific provisions (if any) in the Term Sheet of the relevant Fund, with a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units in any Fund that is authorised by the SFC redeemed on any Dealing Day (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total value of Units in that Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units in that Fund on that Dealing Day will redeem the same proportion by value of such Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

SWITCHING BETWEEN FUNDS

Subject to such limitations as the Manager may impose and subject as noted below, Unitholders and/or investors have the right to switch all or part of their Units of any class ("the Existing Class") into Units of any other class ("the New Class") by sending written instruction to any Authorised Distributor or written application to the Manager (as the case may be). Units of the Existing Class will not be switched into Units of the New Class where the terms of issue of Units of either the Existing Class or the New Class do not allow switching into Units of the New Class or where the determination of the Net Asset Value of any relevant Fund has been suspended.

In order for switching to take effect on a particular Dealing Day, the switching instruction as signed by the Unitholder and/or investor must be received by the Authorised Distributor or the switching application as signed by the Unitholder must be received direct by the Manager (as the case may be) not later than the cut-off time for receipt of switching application for that Dealing Day which shall be the cut-off time for receipt of applications for the Existing Class or the New Class, whichever is earlier. Subject to the Manager's discretion to accept some late switching applications from an Authorised Distributor as switching applications received before the relevant cut off time for that Dealing Day in certain situations as specified in the relevant Term Sheet switching applications received after the relevant cut off time for that Dealing Day will be processed on the next Dealing Day. For the avoidance of doubt, where the cut-off time for receipt of applications for the Existing Class is earlier than that for the New Class, any switching instruction received by the Authorised Distributor or switching application received by the Manager after the relevant cut-off time for receipt of applications for the Existing Class will be processed on the next Dealing Day even if the switching instruction or application is received before the relevant cut-off time for receipt of applications for the New Class. On the other hand, where the cut-off time for receipt of applications for the New Class is earlier than that for the Existing Class, any switching instruction received by the Authorised Distributor or switching application received by the Manager after the relevant cut-off time for receipt of applications for the New Class will be processed on the next Dealing Day even if the switching instruction or application is received before the relevant cut-off time for receipt of applications for the Existing

Class. Switching will be effected by redeeming the Units of the Existing Class on the relevant Dealing Day and issuing Units of the New Class on the Dealing Day for Units of the New Class falling on or after (i) the date of redemption of Units of the Existing Class and (ii) the satisfaction of any conditions attaching to the issue of the Units of the New Class (for example, that such Units may only be issued on receipt of cleared funds for the account of the relevant Fund) or such later Dealing Day as the Manager may have determined as applicable for switches into Units of the New Class.

Subject as otherwise provided in the relevant Term Sheet, the Manager is entitled to charge a switching fee in respect of each Unit of the New Class issued of up to 4% of the issue price of Units of the New Class.

If there is, at any time during the period from the time as at which the redemption price per Unit of the Existing Class is calculated and the time at which any necessary transfer of funds from the Fund to which Units of the Existing Class relate to the Fund to which Units of the New Class relate takes place, an officially announced devaluation of any currency in which any investment of the first mentioned Fund is denominated or normally traded, the redemption price per Unit of the Existing Class shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation and the number of Units of the New Class which will arise from that switching shall be recalculated as if that reduced redemption price had been the redemption price ruling for redemptions of Units of the Existing Class on the relevant Dealing Day.

Any fraction smaller than one-thousandth of a Unit of the New Class so arising (or such smaller fraction as specified in the Term Sheet for the New Class) will be ignored and monies representing any such fraction will be retained as part of the Fund to which Units of the Existing Class relate.

No switching will be made if as a result thereof a Unitholder and/or an investor would hold less than the minimum holding of Units of any relevant class.

VALUATION OF FUNDS AND UNIT PRICES

Calculation of Net Asset Value

The Net Asset Value of a Fund will be determined in accordance with the Trust Deed. The Manager will use its best effort to ensure that there will be fair valuation of the investment held by a Fund and may with the consent of the Trustee, adjust the value of any investment of a Fund or permit some other method of valuation of such investment to be used if, having regard to currency, applicable rate of interest, maturity, marketability of such investment, accounting treatment for such investment, the estimated market price of such investment as at the Valuation Point and other considerations the Manager deems relevant, it considers such adjustment or use of such other method is required to reflect the fair value of such investment.

In particular, for a Fund which is a fund of funds, when considering whether an adjustment needs to be made to the valuation of the Fund's investment having regard to the estimated market price of the underlying CISs at the time the Fund's valuation is made, the relevant markets in which the underlying CISs invest may have already been closed and the Fund's investment may be valued on the basis of the last available prices of the underlying CISs obtained before the closing of such markets. In practice, the time difference between the close of the relevant markets and the Valuation Point of the Fund can be significant. Thus, during periods of market volatility or where the Manager considers that market changes during the period of time difference are significant and may materially affect the value of the underlying CISs, the Manager may after taking into account the considerations set out in the

above paragraph, and with the consent of the Trustee as well as acting in good faith and reasonably, adjust the Net Asset Value per Unit of the Fund to reflect more accurately the fair value of the Fund. The Manager may make adjustment to the Net Asset Value of the Fund based upon the movement of one or more proxy indexes which the Manager believes are strongly correlated to and representative of the performance of the underlying CISs. The Manager may further record the movement of the chosen proxy index(es) from time to time up to the Valuation Point of the Fund and decide to make an adjustment to the Fund's price where the movement of the chosen proxy index(es) exceeds a pre-determined threshold.

The Net Asset Value of a Fund will be determined as at each Valuation Point on each Dealing Day for that Fund. Where so specified in the relevant Term Sheet, the Net Asset Value of a Fund need not be determined in respect of a Dealing Day if no applications or redemption requests are received for Units in the Fund for the relevant Dealing Day.

Suspension of Calculation 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 any Fund for the whole or any part of any period during which:

- (a) there is a closure of or a restriction or suspension of trading on any securities market on which a substantial part of the investments of that Fund is normally traded or a breakdown in any of the means normally employed by the Manager in ascertaining the prices of investments; or
- (b) for any other reason the prices of investments of that Fund cannot, in the opinion of the Manager, reasonably be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments of that Fund; or
- (d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of that Fund or the issue or redemption of Units is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in the Hong Kong Economic Times and The Standard and/or cause a notice to be given to relevant Unitholders and to all those (whether Unitholders or not) whose applications to subscribe for or redeem Units shall have been affected by such suspension stating that such declaration has been made.

No Units relating to any relevant Fund affected will be issued or redeemed during such a period of suspension.

Calculation of Issue Price and Redemption Price

The Trust Deed provides that the issue price or redemption price of a Unit of a class for any relevant Dealing Day will, subject as provided below, be determined as follows:-

- (i) dividing the Net Asset Value of the relevant Fund at the relevant time by the number of undivided shares represented by Units of the Fund then in issue or deemed to be in issue;
- (ii) multiplying the amount calculated in (i) by the number of undivided shares represented

by a Unit of the relevant class;

- (iii) where the currency of Units of the relevant class is different from the currency of account of the relevant Fund, converting the amount calculated in (ii) into the currency of Units of the relevant class; and
- (iv) unless otherwise agreed by the Manager and the Trustee or specified in the relevant Term Sheet, rounded to the nearest integral unit of the minimum unit of currency of the currency of Units of the relevant class (e.g. for HK dollars, rounded to 1 HK cent.) with 0.5 unit of the last decimal place rounded up, and with the prior consent of the Trustee and not less than three months' prior notice to Unitholders, the number of decimal places for such Unit price may be subsequently altered by the Manager. Unless otherwise specified in the relevant Term Sheet, the benefit of any such rounding shall accrue to the relevant Fund.

To ensure all Unitholders are treated fairly, where the number of Units of a class to be issued on a Dealing Day exceeds the number of Units of that class to be redeemed on that Dealing Day, the Manager is given the power under the Trust Deed, in determining the issue price of a Unit of that class, to add to the Net Asset Value per Unit of that class (before making any rounding adjustment) an amount, for the account of the relevant Fund, which it considers to be an appropriate allowance to reflect duties (such as stamp duties) and charges which would be incurred if the investments of the relevant Fund were to be acquired at the values attributed to them. Similarly, where the number of Units of a class to be redeemed on a Dealing Day exceeds the number of Units of that class to be issued on that Dealing Day, the Manager is empowered, when determining the redemption price of any Unit of any class, to deduct for the account of the relevant Fund from the Net Asset Value per Unit of that class (before making any rounding adjustment) an amount which it considers to be an appropriate allowance to reflect duties (such as stamp duties) and charges which would be incurred if the investments of the relevant Fund were to be sold at the values attributed to them.

Publication of Prices

Subject as otherwise provided in the relevant Term Sheet, the latest issue price and redemption price or Net Asset Value of Units of a Fund which is authorised by the SFC and so determined will be published at least once a month in the Hong Kong Economic Times and The Standard and will be available from the Manager on request.

CHARGES AND EXPENSES

Fees payable to the Manager

Monthly Management Fees

The current monthly management fees payable to the Manager in relation to a Fund are set out in the Term Sheet for the relevant Fund. Investor should note that if a Fund invest in another fund (which may or may not be a Fund in the Series) which is also managed by the Manager or its Connected Persons, the Manager or the Manager and its Connected Persons (as the case may be) will be entitled to receive the relevant management fees from the respective Funds. Except for funds-of-funds or so specified in the Term Sheet of any particular fund, this shall not result in an increase in the overall total of the management fee payable by the Fund to the Manager or to the Manager and its Connected Persons (as the case may be).

Any increase in the rate of monthly management fee stated in the relevant Term Sheet as being payable in relation to a Fund (i.e. up to or towards the maximum rate specified in the Trust Deed of 2.5% per annum of the Net Asset Value of such Fund or such higher maximum rate as specified in the notice of establishment of a new Fund (and new class(es) of Units

related thereto) which is established during the period from 1 March 2004 to 19 June 2011 or in the notice of establishment of new class(es) of Units of an existing Fund which is(are) established on or after 1 March 2004 or in the Supplemental Deed of Establishment in relation to the establishment of a new Fund (and new class(es) of Units related thereto) on or after 20 June 2011) will only be implemented after giving 1 month's notice to relevant Unitholders.

Monthly Administration Fees

The current monthly administration fees payable to the Manager in relation to a Fund are set out in the Term Sheet for the relevant Fund.

Any increase in the rate of monthly administration fee stated in the relevant Term Sheet as being payable in relation to a Fund (i.e. up to or towards the maximum rate specified in the Trust Deed of 2.5% per annum of the Net Asset Value of such Fund) will only be implemented after giving 1 month's notice to relevant Unitholders. Where so specified in the relevant Term Sheet, the management fees and/or administration fees for a Fund may be calculated and payable other than on a monthly basis.

Incentive Fees

Unless otherwise disclosed in the relevant Term Sheet, the Manager does not levy an incentive fee in relation to any Fund.

However, the Manager may in future elect to levy an incentive fee for a particular Fund or Funds calculated by reference to the increase in value of such Fund or Funds. The Manager will give not less than 3 months' notice of such election to relevant Unitholders. Any incentive fee will only be payable in relation to the financial years of the relevant Fund falling after the expiry of such notice.

Other Fees

Subject as otherwise provided in the Term Sheets, the Manager is also entitled to receive:-

- (a) a preliminary charge on the issue of Units of up to 5% of the issue price of such Units; and
- (b) a switching fee on the conversion of Units of a class to Units of another class of up to 4% of the Net Asset Value per Unit of that other class of Units.

In addition, where so specified in the relevant Term Sheet, the Manager has the power to levy a redemption charge on the redemption of Units of up to 4% of the redemption proceeds of each Unit redeemed.

The Manager may share any fees, charges or amounts it is entitled to receive as manager of a Fund of the Series with any persons who distribute or otherwise procure subscriptions to that Fund. Investors should note that any of the Manager's employees, Authorised Distributor and/or its employees and/or its agents may, out of any fees, charges or amounts the Manager is entitled to receive from the relevant Fund, receive or enjoy rebates, discounts, commissions, sales incentives, fees, benefits and/or other advantages in different forms and at varying rates arising out of or in connection with investor's investment in that Fund made through such Authorised Distributor. Such amounts will not be borne by the Funds.

Trustee Fees

The current fees payable to the Trustee in relation to a Fund are set out in the Term Sheet for the relevant Fund.

Any increase in the rate of trustee fee stated in the relevant Term Sheet as being payable in relation to a Fund (i.e. up to or towards the maximum rate specified in the Trust Deed of 1%

per annum of the Net Asset Value of such Fund) will only be implemented after giving 1 month's notice to relevant Unitholders.

Other Charges and Expenses

Each Fund will bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to a Fund, they will be apportioned between the relevant Funds with reference to their respective Net Asset Value or in such manner as the Manager may determine, after consulting the Trustee. Such costs include but are not limited to the costs of investing and realising the investments of the relevant Funds, the fees and expenses of custodians of the assets of the Series, the fees and expenses of the auditors, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of communicating with and holding meetings of Unitholders, the costs incurred in the preparation and printing of any explanatory memorandum or reports to Unitholders (including, as agreed by the Manager, postage costs incurred by any nominee Unitholders for the benefit of the underlying investors in distributing such reports) and other operating costs. For the avoidance of doubt, no commissions payable to sales agents arising out of any dealing in Units or expenses arising out of any advertising or promotional activities in connection with the Series/a Fund will be paid from the assets of the Series.

There are no establishment costs outstanding relating to the Series.

Neither the Manager nor its Connected Persons will receive cash or other rebates from brokers or dealers in respect of transactions for the account of the Series/a Fund. However, the Manager and its Connected Persons may enter into soft commission arrangements with brokers or dealers for the provision to the Manager or its Connected Persons of goods and services which are of demonstrable benefit to Unitholders.

All transactions carried out by or on behalf of the Series will be at arm's length and executed on the best available terms. In effecting transactions for the account of a Fund which is authorised by the SFC with brokers or dealers connected to the Manager or sub-advisor of a Fund, the Manager will ensure that it complies with the following requirements:

- (a) such transactions should be on arm's length terms;
- (b) it will use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;
- (c) transaction execution must be consistent with applicable best execution standards;
- (d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
- (e) it will monitor such transactions to ensure compliance with its obligations; and
- (f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the relevant Fund's annual financial reports.

TAXATION AND REGULATORY REQUIREMENTS

Investors should consult their professional advisers on the consequences to them of acquiring, holding, redeeming, converting, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange

control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances.

The following statements regarding taxation are based on advice received by the Series regarding the law and practice in force in the relevant jurisdictions at the date of this document (save as otherwise specified). Investors should be aware that levels and bases of taxation are subject to change and that the value of any relief from taxation depends upon the individual circumstances of the taxpayer. The following statements are intended as a general guide only and do not necessarily describe the tax consequences for all types of investors in the Fund and no reliance, therefore, should be placed upon them.

Hong Kong

The Funds in the Series that are authorised by the SFC pursuant to the Securities and Futures Ordinance are not expected to be subject to Hong Kong tax in respect of any of its authorised activities. However, the Series may also consist of Fund(s) which is/are not authorized by the SFC (such unauthorized Fund(s) is/are not available to the public in Hong Kong).

Exposure to Hong Kong profits tax will arise if an unauthorized Fund is treated as carrying on a trade, profession or business in Hong Kong on its own account or deemed as a Hong Kong resident person. In such circumstances, a liability to profits tax will only exist in respect of any profits which arise in or are derived from Hong Kong, which are not capital in nature and not otherwise exempted under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("IRO"). Such amounts may include profits from the disposal of securities (except those held as capital assets or exempted under the IRO) listed on the Hong Kong Stock Exchange, unlisted securities where the purchase and/or sale contracts are effected in Hong Kong, interest income from certain debt instruments where the loan funds were first made available to the issuer in Hong Kong and interest income from deposits placed other than with authorized institutions in Hong Kong as well as from deposits placed with authorized institutions for the purpose of securing banking facilities.

Under present Hong Kong law and practice:-

- (i) there is generally no capital gains tax in Hong Kong on the sale, transfer, redemption or other disposal of Units, save and except that where a person is or is deemed as carrying on a trade, profession or business in Hong Kong, gains or profits (if any) on the sale, transfer, redemption or other disposal of Units may be treated as normal trading receipts from that trade, profession or business and thus attracts Hong Kong profits tax;
- (ii) distributions to Unitholders are not subject to deduction of withholding taxes; and
- (iii) as the Register is maintained in Hong Kong, the transfer of Units by Unitholders to others may normally be subject to stamp duty in Hong Kong, depending on the mode and circumstances of the transfer (e.g. whether the transfer involves a change in beneficial ownership). The current rate of Hong Kong stamp duty, if applicable, is 0.2 per cent (of which 0.1 per cent is payable by the transferor and 0.1 per cent is payable by the transferee) of the value of consideration (if any) or market value of the Units, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer (if any) executed in relation to any transfer of Units. Nevertheless, subscription of Units/switching into Units effected through allotment of new Units and redemption/switching out effected through cancellation of Units respectively will normally not be subject to stamp duty in Hong Kong.

The People's Republic of China

For a Fund that invests in shares or securities (including debt securities/bonds) of which the incomes (such as dividend income or interest income, as the case may be) are derived from mainland China (including shares of, or securities issued by, Chinese tax resident enterprises (i.e. companies incorporated in mainland China or incorporated elsewhere but with their effective management located in mainland China), irrespective of where such shares or securities are issued or whether such shares or securities are listed on a stock exchange in mainland China or elsewhere or unlisted) (collectively "PRC Securities"), that Fund may be subject to withholding of Enterprise Income Tax and other taxes imposed in mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from mainland China by non-resident enterprises which have no establishment or place in mainland China are subject to withholding of Enterprise Income Tax. As such, in respect of a Fund's investments in H-shares, B-shares or certain red chips shares or a Fund's investments through a Qualified Foreign Institutional Investor ("QFII") (such as A-shares, mainland China debt securities and other permissible mainland China investment instruments prescribed by the relevant QFII rules and regulations) of which the incomes (such as dividends on, or interest income from, such investments, as the case may be) are derived from mainland China, if any, it is subject to withholding of Enterprise Income Tax; and such withholding tax may reduce the income from, and/or adversely affect the performance of that Fund. However, there are still uncertainties as to the application of the PRC Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to how the actual PRC tax liabilities for gains on disposal of a relevant Fund's investments in A-shares through QFII prior to 17 November 2014 (i.e. the effective date from which gains on disposal of investments in A-shares through QFII are exempt from Enterprise Income Tax) will be derived and whether gains on disposal of H-shares/B-shares/red chips shares/investments through QFII other than A-shares, or investments in other PRC Securities, would be subject to withholding of Enterprise Income Tax). It is also uncertain as to whether a relevant Fund may be subject to other taxes imposed in mainland China in respect of its investments in the relevant PRC Securities. To ensure fairness to all Unitholders, the Manager reserves the right to make any provision for taxes or to deduct or to withhold an amount on account of taxes (for which a relevant Fund may be directly or indirectly liable to the PRC tax authorities in respect of its investments in the relevant PRC Securities) from assets of a relevant Fund as it considers appropriate. The tax rate and amount of such provision/deduction/withholding for taxes for the relevant Fund will be disclosed in the Term Sheet and annual financial reports for the relevant Fund respectively.

Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. A relevant Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in that Fund.

Any provision for taxes made or withheld by the Manager may be more than or less than a relevant Fund's actual PRC tax liabilities. In case of a difference between that Fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from that Fund's assets (as the case may be). As a result, the income from, and/or the performance of that Fund may/may not be adversely affected and the impact/degree of impact on individual Unitholders of that Fund may vary, depending on factors such as the level of that Fund's provision for taxes and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in that Fund.

The United States of America - Foreign Account Tax Compliance Act (FATCA)

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("FATCA") impose a 30% withholding tax on certain payments to a foreign financial institution ("FFI") if that FFI is not compliant with FATCA. Each Fund in the Series is a FFI and thus, subject to FATCA.

Beginning 1 July 2014, this withholding tax applies to payments to all the Funds in the Series that constitute interest, dividends and other types of income from U.S. sources (such as dividends paid by a U.S. corporation) and beginning on 1 January 2017, this withholding tax is extended to the proceeds received from the sale or disposition of assets that give rise to U.S. source dividend or interest payments.

These FATCA withholding taxes may be imposed on payments to the Funds unless (i) the Funds become FATCA compliant pursuant to the provisions of FATCA and the relevant regulations, notices and announcements issued thereunder, or (ii) the Funds are subject to an appropriate Intergovernmental Agreement to improve international tax compliance and to implement FATCA ("IGA").

Hong Kong and the U.S. have entered into an IGA for the implementation of FATCA, adopting "Model 2" IGA arrangements. Under these "Model 2" IGA arrangements, FFIs in Hong Kong (such as the Funds) will be required to register with the U.S. Internal Revenue Service ("IRS") and comply with the terms of FFI Agreement. Otherwise, they will be subject to a 30% withholding tax on relevant US-sourced payments to them. As a sponsoring entity, the Manager has registered with the U.S. IRS on behalf of the Funds. The Funds intend to take any other measures that may be required to ensure compliance under the terms of the IGA and local implementing regulations.

In order to comply with their FATCA obligations, the Funds are required to obtain certain information from their Unitholders so as to ascertain their U.S. tax status, including the appropriate U.S. IRS withholding statement on Form W-8 or W-9. If the Unitholder is a specified U.S. person, U.S. owned non-U.S. entity, non-participating FFI ("NPFFI") or does not provide the requisite documentation, the Funds may need to report information on these Unitholders to the appropriate tax authority, as far as legally permitted.

If a Unitholder either fails to provide the Fund, its agents or authorised representatives with any correct, complete and accurate information that may be required for the Fund to comply with FATCA or is a NPFFI, to the extent that it is required to comply with the terms of the IGA, the Unitholder may be subject to withholding on amounts otherwise distributable to the Unitholder, may be compelled to sell its interest in the Fund or, in certain situations, the Unitholder's interest in the Fund may be sold involuntarily (provided that the Manager or the Trustee (as the case may be) shall observe relevant legal requirements and shall act in good faith and on reasonable grounds). The Funds in the Series may at their discretion enter into any supplemental agreement without the consent of Unitholders to provide for any measures that the Funds deem appropriate or necessary to comply with FATCA.

Other countries are in the process of adopting tax legislation concerning the reporting of information. The Funds in the Series also intend to comply with such other similar tax legislation that may apply to the Funds, although the exact parameters of such requirements are not yet fully known. As a result, the Funds may need to seek information about the tax status of Unitholders under such other country's laws and each Unitholder for disclosure to the relevant governmental authority.

The disclosure in this sub-section is based on advice received by the Funds in the

Series regarding the law and practice in force in the U.S. as at 12 March 2015. Unitholders/Investors should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In particular, investors who invest in the Funds in the Series through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer FATCA withholding tax on their investment returns.

Although the Funds in the Series will attempt to satisfy any obligations imposed on them to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Funds will be able to satisfy these obligations. If the Funds become subject to a withholding tax as a result of the FATCA regime, the value of the Units held by Unitholders may suffer material losses.

GENERAL

Financial Reports

The year-end of the Series is 31 December in each year. The financial reports are available in both English and Chinese language.

For Funds which are authorised by the SFC, audited annual financial reports are made available to Unitholders within four months of the end of each financial year. Where a Fund is a feeder fund (that is, where the Fund invests all its assets in the interests of a single CIS), such annual financial report will include the investment portfolio of the underlying CIS as at the end of the relevant financial year.

The audited annual financial reports for each financial year will not include the following Funds:

- New Funds launched during the period from October to December in that financial year, but the financial data for which in the period will be included in the next half-yearly unaudited interim financial reports.

The half-yearly unaudited interim financial reports are made available to Unitholders within two months of the period which they cover.

The half-yearly unaudited interim financial reports may not include the following Funds:

- New Funds launched during the period from April to June in that financial year, but the financial data for which in the period will be included in the next audited annual financial reports;
- Capital guaranteed Funds that will mature in the period from July to September in that financial year, but the financial data for which in the period may be included in their respective maturity audited financial reports.

Notice will be given to Unitholders to notify them where the financial reports, in printed and electronic forms, can be obtained within the relevant timeframe.

Website

The offering document, notices, financial reports, the latest issue price and redemption price of a Fund can be obtained from the website www.hangseng.com/fundsupermart.

Voting Rights

All rights of voting conferred by any investments of the Fund shall be exercised in such

manner as directed by the Manager at its absolute discretion.

Investment Restrictions

The investment restrictions applicable to a Fund depend on the investment objectives and policies of the relevant Fund. These investment restrictions are contained in the Trust Deed and, subject to any modifications, exemptions or additional restrictions applicable to a particular Fund as described in the relevant Term Sheet, are summarised below:-

for Funds which are direct investment funds

- (1) not more than 10% of the Net Asset Value of the relevant Fund may consist of securities (other than Government and other public securities (as defined in the SFC's Code on Unit Trusts and Mutual Funds) or CISs to which paragraph (8) below applies) issued by a single issuer;
- (2) the relevant Fund's holding of securities of a single class (other than Government and other public securities or CISs to which paragraph (8) below applies) when aggregated with the holdings of the same class of securities held by all the other Funds may not exceed 10% of the nominal amount of the securities of the same class in issue;
- (3) not more than 15% of the Net Asset Value of the relevant Fund may consist of securities not listed, quoted or dealt in on a stock exchange, over-the-counter market or other organized securities market which is open to the international public and on which such securities are regularly traded (excluding CISs to which paragraph (8) below applies);
- (4) not more than 30% of the Net Asset Value of the relevant Fund may consist of Government and other public securities of the same issue;
- (5) subject to paragraph (4) above, the relevant Fund may be fully invested in Government and other public securities issued by a single issuer provided that it holds Government and other public securities of at least six different issues;
- (6) not more than 15% (in terms of total amount of premium paid) of the Net Asset Value of the relevant Fund may consist of warrants and options, other than warrants and options held for hedging purposes;
- (7) the net aggregate value of the contract prices, whether payable to or by the relevant Fund, under all outstanding futures contracts entered into for the account of such Fund (other than futures contracts entered into for hedging purposes), together with the aggregate value of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than securities issued by companies engaged in producing, processing or trading in commodities) held by such Fund, may not exceed 20% of the Net Asset Value of such Fund;
- (8) in respect of investment in other CISs:
 - (i) not more than 10% of the Net Asset Value of the relevant Fund may consist of shares or units in other CISs which are not recognised jurisdiction schemes (as permitted by the SFC for the purpose of this investment restriction) and not authorised by the SFC;
 - (ii) not more than 30% of the Net Asset Value of the relevant Fund may consist of shares or units in each of the other CISs which are either recognised jurisdiction schemes (as permitted by the SFC for the purpose of this investment restriction) or schemes authorised by the SFC, unless such CIS is authorised by the SFC,

and the relevant disclosure requirements in the SFC's Code on Unit Trusts and Mutual Funds are complied with;

- (iii) in addition, each underlying CIS's objective may not be to invest primarily in any investment prohibited by the investment restrictions for direct investments funds as set out in this section (where applicable), and where the objective of such CIS is to invest primarily in investments restricted by the investment restrictions for direct investments funds as set out in this section (where applicable), such holdings may not be in contravention of the relevant limitation;
- (iv) where any such CIS(s) is managed by the Manager or its Connected Persons, all preliminary or initial charges on such CIS(s) must be waived; and
- (v) the Manager may not obtain a rebate on any fees or charges levied by such CIS(s) or its management company.

for Funds which are money market funds

- (1) subject as provided below, the relevant Fund may only invest in deposits and debt securities;
- (2) the relevant Fund must maintain an average portfolio maturity not exceeding 90 days and may not purchase an instrument with a remaining maturity of more than 397 days (or two years in the case of Government and other public securities);
- (3) the value of the relevant Fund's holding of instruments issued by a single issuer, together with any deposits held with that same issuer may not (subject to paragraph (4) below) exceed 10% of the Net Asset Value of that Fund;
- (4) the value of the relevant Fund's holding of instruments issued by a single issuer may be increased to 25% of the Net Asset Value of that Fund if the issuer is a licensed banking institution authorised under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) or a financial institution with a minimum paid-up capital of HK\$150,000,000 or its equivalent in foreign currency, provided that the total value of such holding does not exceed 10% of the issuer's issued capital and published reserves;
- (5) the provisions of paragraphs (3) and (4) above shall not apply in respect of any deposit of up to HK\$7,800,000 or its equivalent in the base currency of the relevant Fund;
- (6) notwithstanding the above, up to 30% of the Net Asset Value of the relevant Fund may be invested in Government and other public securities of the same issue.

for Funds which are funds of funds

- (1) each relevant Fund must invest in not less than five funds unless the SFC otherwise consents;
- (2) each relevant Fund, shall not invest in CISs managed by the Manager or its Connected Persons unless the Manager or its Connected Persons waive any preliminary or initial charge in respect of such investment;
- (3) no investment may be made for the account of any relevant Fund if as a result:-
 - (i) the value of that Fund's holding of interests in CISs which have not been authorised by the SFC and which are not recognised jurisdiction schemes would

exceed 10 per cent of the Net Asset Value of that Fund; or

- (ii) the value of that Fund's holding of interests in any one CIS would exceed 30 per cent of the Net Asset Value of that Fund; or
 - (iii) the value of that Fund's holding of interests in funds the principal objective of which is to invest in warrants and funds the principal objective of which is to invest in futures contracts and/or options would exceed 10 per cent of the Net Asset Value of that Fund;
- (4) notwithstanding 3(i) above, no investment may be made in any CIS whose objective is to invest primarily in any investments prohibited by the investment restrictions set out in the sub-section in respect of "Funds which are direct investment funds". In the case of investments limited by that sub-section, such holdings may not be in contravention of the relevant limitation;
 - (5) no investment may be made in any fund which invests all its assets in other CISs;
 - (6) neither the Manager nor its Connected Persons may obtain a rebate on any fees or charges levied by the CISs, or their fund managers, in which the relevant Fund invests.

for Funds which are feeder funds

All the assets of the relevant Fund must be invested in the interests of a single CIS. For the purpose of complying with investment restrictions, the relevant Fund and the underlying CIS will be deemed to be a single entity.

Where the relevant Fund invests in another CIS managed by the Manager or any of its Connected Persons, there shall be no increase in the overall total of preliminary or initial charge, management fee or any other costs and charges payable by the relevant Fund to the Manager (or any of its Connected Persons). Nevertheless, subject to the prior approval of the SFC, additional fees may be payable by the relevant Fund to the Manager (or any of its Connected Persons) in respect of additional or different services and expertise the Manager (or any of its Connected Persons) provided for the benefit of the relevant Fund.

for all Funds

The Manager shall not on behalf of any Fund:-

- (1) make short sales if as a consequence the liability of such Fund to deliver securities would exceed 10% of the Net Asset Value of such Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted);
- (2) write a call option if the aggregate of the exercise prices of all such call options written on behalf of the relevant Fund would exceed 25% of the Net Asset Value of that Fund;
- (3) make a loan out of that Fund without the prior written consent of the Trustee except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;
- (4) 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;
- (5) write uncovered options;

- (6) 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);
- (7) enter into any obligation or acquire any asset which involves the assumption of any liability which is unlimited;
- (8) invest in any security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5 per cent. of the total nominal amount of all the issued securities of that class, or, collectively the directors and officers of the Manager own more than 5 per cent. of those securities; and
- (9) apply any part of the relevant Fund in the acquisition of any investment 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 such Fund which has not been appropriated and set aside for other purposes (including the purpose set out in paragraph (2) above).

If any of the investment or borrowing restrictions applicable to a Fund are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders. The Manager is not immediately required to sell applicable investments if any of the investment restrictions are exceeded as a result of changes in the value of a Fund's investments, reconstructions or amalgamations, payments out of the assets of the Fund or redemptions of Units but for so long as such limits are exceeded will not acquire any further investments subject to the relevant restriction and will take all reasonable steps to restore the position so that the limits are no longer exceeded.

Risk Management Policy

In respect of the investment in financial derivative instruments for the relevant Fund (e.g. a Fund which invests substantially in financial derivative instruments or acquires financial derivative instruments for investment purposes), the Manager shall employ a risk management process to ensure that the relevant risks are appropriately monitored and managed. Risks that are associated with such investment and the relevant risk management process will be set out in the Term Sheet of the relevant Fund.

Securities Lending

The Manager may, as provided in the Trust Deed, request the Trustee to enter into securities lending transactions for the account of a Fund pursuant to which some or all of the assets of the Fund may be lent to one or more third party borrowers.

Securities lending transactions will only be entered into:-

- (a) if both the Trustee and the Manager are satisfied that the borrower will provide sufficient assets as collateral for the borrowed securities of a value equivalent to or in excess of the borrowed securities and such collateral to be quality, liquid collateral; and
- (b) through the agency of a recognised clearing system or a financial institution acceptable to the Trustee and the Manager which engages in this type of transaction.

Both the Trustee and the Manager shall take reasonable measures to ensure that such collateral is maintained at adequate levels, after prudent haircut and daily marked-to-market, to ensure that the exposure of the relevant Fund is adequately covered including any possible event of counterparty default.

Further, details of the arrangements are as follows:-

- (a) the income received from such securities lending after deduction of any fees or commission payable will be credited to the account of the relevant Fund and such income will be disclosed in its annual financial reports;
- (b) each borrower is expected to have a minimum credit rating of A2 assigned by Moody's or equivalent, or deemed to have an implied rating of A2; alternatively, an unrated borrower will be acceptable where the relevant Fund is indemnified against losses caused by the borrower, by an entity which has a minimum credit rating of A2;
- (c) the Trustee, upon the request of the Manager, will take collateral and the collateral agent (who may be the Trustee or a third party to be appointed by the Trustee at the direction of the Manager or by the Manager directly, as may from time to time be agreed between them) will review its value on a daily basis to ensure that it is at least of a value equivalent to the borrowed securities; such collateral may include cash, securities issued or guaranteed by any Organisation for Economic Co-operation and Development (OECD) or European Union government, government agencies or any other public or supranational bodies or organisations or any other issuer which is, in the opinion of the Trustee and the Manager, of similar standing and certificates of deposit with maturity of no more than one year;
- (d) up to 100% of the assets of the relevant Fund may be lent to one or more borrowers; and
- (e) where any securities lending transaction has been arranged through the Trustee or a Connected Person of the Trustee or the Manager, such transaction shall be conducted at arm's length and executed on the best available terms, and the relevant entity shall be entitled to retain for its own use and benefit any fee or commission it receives on a commercial basis in connection with such arrangement (the securities lending fee will be disclosed in the connected party transaction section of the relevant Fund's annual financial reports).

Currently, the Manager has no intention to have any securities lending, repurchase or similar over-the-counter transactions entered into for the account of a Fund (including an index fund). In the future, where the Manager intends to have any securities lending, repurchase or similar over-the-counter transactions entered into for the account of a Fund, subject to SFC's prior approval, 1 month's prior notice will be given to the relevant Unitholders.

Compulsory Redemption or Transfer of Units

The Manager may require a Unitholder to transfer the Unitholder's Units or, failing such transfer, may redeem such Units in accordance with the Trust Deed if it shall come to the notice of the Manager that the Unitholder holds such Units (a) in breach of the law or requirements of any country, any governmental authority or any stock exchange on which such Units are listed or (b) in circumstances (whether directly or indirectly affecting such Unitholder and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which, in the opinion of the Manager, might result in the Series or the relevant Fund or the Trustee incurring any liability to taxation or suffering any other pecuniary disadvantage which the Series or Fund or the Trustee might not otherwise have incurred or suffered.

Termination of the Series and/or Funds

The Series shall continue until it is terminated in one of the following ways set out below. The

Series will automatically terminate on 23 June 2078 (which is the day falling 80 years from the date of its establishment).

- (1) The Trustee may terminate the Series by notice in writing (provided that the Trustee shall certify that in its opinion the proposed termination is in the interest of the Unitholders) if:-
 - (a) the Manager goes into forced liquidation; or
 - (b) in the opinion of the Trustee, the Manager is incapable of performing its duties properly; or
 - (c) any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Series; or
 - (d) the Manager ceases to act as manager of the Series and the Trustee fails to appoint a successor manager within the subsequent period of 30 days.
- (2) The Series and/or any Funds and the class or classes of Units relating to such Funds (as the case may be) may be terminated by the Manager in its absolute discretion by notice in writing as hereinafter provided:-
 - (a) if, in relation to the Series, the aggregate Net Asset Value of all Units outstanding under the Series shall be less than US\$10,000,000 or, in relation to any Fund the aggregate Net Asset Value of the Units of the relevant classes outstanding under the Series in respect of such Fund shall be less than US\$4,000,000 and, in the case of a Guaranteed Fund (as defined in the Trust Deed), Holder of Units of the relevant class or classes pass an Extraordinary Resolution approving the termination of such Guaranteed Fund; or
 - (b) if the Series and/or the relevant Fund (as the case may be) shall not be or cease to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance (and, in the case of any Guaranteed Fund that is authorised by the SFC under the Securities and Futures Ordinance, in consultation with the SFC); or
 - (c) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable (and, in the case of any Guaranteed Fund that is authorised by the SFC under the Securities and Futures Ordinance, in consultation with the SFC) to continue the Series and/or any Funds.

The party terminating the Series or a Fund (as the case may be) pursuant to paragraphs 1 and 2 above must give at least three months' notice to Unitholders of termination of the Series or the relevant Fund (as the case may be).

On termination of a Fund, the Trustee will sell the investments and other property of the Fund in such manner and within such period of time as it thinks advisable. The Trustee will then distribute the cash proceeds of such realisation (net of any costs and expenses attributable to the Fund and its termination) to Unitholders of the Fund in proportion to their respective interests in the Fund.

Conflicts of Interest

Investors should note that the Manager, the Trustee, the registrar, the custodian of the Series, the investment adviser and some of the Authorised Distributor(s) of certain Funds of the

Series may be members of the HSBC group and some of these entities may have common management and / or common directors. Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any transactions relating to the Fund are carried out at arm's length and that Unitholders are treated fairly.

The Manager and the Trustee may from time to time also act as trustee, administrator, registrar, secretary, manager, custodian, investment manager or investment adviser or assume other functions as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Series or any Fund.

In addition:-

- (1) The Manager or any of its Connected Persons may make investments for the Series as agent for the Trustee and may, with the consent of the Trustee, deal with the Series as principal;
- (2) The Trustee, the Manager 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 Series;
- (3) The Trustee, the Manager or any of their Connected Persons may hold and deal in Units or in investments held by the Series either for their own account or for the account of their customers; and
- (4) The monies of the Series 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.

It is, therefore, possible that any of the Trustee, the Manager or their Connected Persons may, in the course of business, have potential conflicts of interest with the Series or any Fund. Each will, at all times, have regard in such event to its obligations to the Series and to Unitholders and will endeavor to ensure that such conflicts are resolved fairly.

Notices to Unitholders

With the prior consent of the SFC, notice of certain matters may be given to relevant Unitholders by publication in the Hong Kong Economic Times and The Standard. In all other cases, notices will be sent to relevant Unitholders by post to the address shown in the Register, if approved by the SFC and agreed with the relevant Unitholders, by electronic mail or other electronic means.

Supply and Inspection of Documents

Copies of (a) the Trust Deed, (b) any agreements between the Manager and third parties referred to in the Term Sheets, and (c) any yearly or half-yearly reports are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager, 13th Floor, Hang Seng Building, 83 Des Voeux Road Central, Hong Kong and may be obtained at that address on payment of a reasonable fee.

Licence and Registered User Agreements

The Manager has entered into a licence agreement and registered user agreement with Hang Seng Data Services Limited ("HSDS") regarding the use of the name "Hang Seng Index" and the use of information regarding the Index (including the constituent stocks' respective

weightings in the Index) for managing various of the Fund's portfolios. Those agreements will terminate in the event of Hang Seng Investment Management Limited ceasing to be the Manager. Under the Trust Deed, no new manager of the Series will be permitted to use the name "Hang Seng Index" (or any name or mark colourably similar thereto), any written description or other written material relating to the Index or any information or formula regarding the composition or computation of the Index except if and to the extent permitted so to do by HSDS on and subject to the terms and conditions of a new licence agreement and a new registered user agreement entered into by the new manager with HSDS in form and substance satisfactory to HSDS.

In addition, the Trust Deed provides that, in the event of the appointment of a new manager, the name of the Series and any relevant Fund must, unless HSDS otherwise agrees, be changed to a name which fulfils certain requirements, including the requirement that it does not include the words "Hang Seng Index" (or any name or mark colourably similar thereto) and is not otherwise likely to cause any person to assume that the new manager is a member of, or otherwise connected with, Hang Seng Bank and its subsidiaries.

Applicable Law

This Explanatory Memorandum shall be governed by the laws of The Hong Kong Special Administrative Region.

Fund of Funds Series

HANG SENG GLOBAL CONSERVATIVE FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Global Conservative Fund (the "Fund") is to achieve stable capital growth with low volatility by investing in a diversified portfolio of collective investment schemes that normally invest in money market instruments, global equities and bonds.

Distribution Policy

It is proposed not to make distributions in respect of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within 3 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee	Class A	Up to 1.0%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows (subject to a minimum trustee fee of US\$15,600 per annum):- Up to 0.1% in respect of Net Asset Value up to US\$25,000,000 Up to 0.075% in respect of Net Asset Value in excess of US\$25,000,000

Note:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons.

To the extent that the Fund invests in other collective investment schemes, the Fund will also, indirectly, bear a proportionate share of the management fees of such collective investment schemes and so the total management fees directly and indirectly borne by Unitholders will be the aggregate of the Management Fee noted above and the management fees payable to the managers of the underlying collective investment schemes. The management fees of such underlying collective investment schemes will typically be in the range of 1.0-2.0% per annum of the net asset value of the relevant collective investment schemes.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Investment Risk

Investment in the Fund is subject to normal market fluctuations and other risks inherent in the collective investment schemes in which the Fund invests (each an "underlying scheme"), including the following:-

Risks associated with investing in debt securities

For an underlying scheme which invests in debt securities, it is subject to the risk that the issuer(s) of the debt securities being unable or unwilling to make timely principal and/or interest payment, or to honour its obligations. An issuer's ability to service debt may be adversely affected by an economic recession and adverse political and social changes in general as well as business, financial and other situations particular to such issuer. If the issuer(s) of the debt securities in which the underlying scheme invests defaults, the performance of the underlying scheme will be adversely affected. Also, an underlying scheme may invest in debt securities which are or are not of investment grading, and are typically unsecured debt obligations not supported by any collateral. The underlying scheme may be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor. For debt securities that are unrated, they are generally subject to greater risk of loss of principal and interest than high-rated debt securities because, generally, they are of lower creditworthiness and liquidity and have greater fluctuation in value and higher chance of default. In addition, debt securities may be positively or negatively affected if interest rates change. Generally, the value of debt securities will change inversely with changes in interest rates. An increase in interest rates may adversely affect the value of the debt securities held by the underlying scheme, which may adversely affect the value of the underlying scheme.

Risks associated with investing in equities

For an underlying scheme which invests in equities, it is subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting

the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in the relevant marketplace.

Risks associated with investing in collective investment schemes

The Net Asset Value of the Fund is based primarily upon the value of the Fund's holdings of the underlying schemes. If the valuation of such underlying schemes' holdings is based on incomplete or inaccurate financial information or does not adequately reflect the current market value of such underlying schemes' holdings, the Net Asset Value of the Fund so calculated may not reflect the fair value of the Fund's investment. In addition, investment decisions of the underlying schemes are made at the level of such schemes. There can be no assurance that the selection of the managers of the underlying schemes will result in an effective diversification of investment styles and that positions taken by the underlying schemes will always be consistent. Further, in addition to its own fees, the Fund has to bear, indirectly, a proportionate share of the fees paid by the underlying schemes to their managers and other service providers and there may be a duplication of fees.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is US dollars. Where an investment of the Fund is denominated in a currency which is different from the base currency of the Fund, the Fund may be adversely affected by changes in exchange rates between the currency in which the investment of the Fund is held and the base currency of the Fund.

Investment Restrictions

The Fund is subject to the investment restrictions for funds of funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Fund of Funds Series

HANG SENG GLOBAL BALANCED FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Global Balanced Fund (the "Fund") is to achieve balanced capital growth with moderate volatility by investing in a diversified portfolio of collective investment schemes that normally invest in global equities and bonds.

Distribution Policy

It is proposed not to make distributions in respect of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within 3 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee	Class A	Up to 1.0%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows (subject to a minimum trustee fee of US\$15,600 per annum):- Up to 0.1% in respect of Net Asset Value up to US\$25,000,000 Up to 0.075% in respect of Net Asset Value in excess of US\$25,000,000

Note:

1. Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons.

To the extent that the Fund invests in other collective investment schemes, the Fund will also, indirectly, bear a proportionate share of the management fees of such collective investment schemes and so the total management fees directly and indirectly borne by Unitholders will be the aggregate of the Management Fee noted above and the management fees payable to the managers of the underlying collective investment schemes. The management fees of such underlying collective investment schemes will typically be in the range of 1.0-2.0% per annum of the net asset value of the relevant collective investment schemes.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Investment Risk

Investment in the Fund is subject to normal market fluctuations and other risks inherent in the collective investment schemes in which the Fund invests (each an "underlying scheme"), including the following:-

Risks associated with investing in debt securities

For an underlying scheme which invests in debt securities, it is subject to the risk that the issuer(s) of the debt securities being unable or unwilling to make timely principal and/or interest payment, or to honour its obligations. An issuer's ability to service debt may be adversely affected by an economic recession and adverse political and social changes in general as well as business, financial and other situations particular to such issuer. If the issuer(s) of the debt securities in which the underlying scheme invests defaults, the performance of the underlying scheme will be adversely affected. Also, an underlying scheme may invest in debt securities which are or are not of investment grading, and are typically unsecured debt obligations not supported by any collateral. The underlying scheme may be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor. For debt securities that are unrated, they are generally subject to greater risk of loss of principal and interest than high-rated debt securities because, generally, they are of lower creditworthiness and liquidity and have greater fluctuation in value and higher chance of default. In addition, debt securities may be positively or negatively affected if interest rates change. Generally, the value of debt securities will change inversely with changes in interest rates. An increase in interest rates may adversely affect the value of the debt securities held by the underlying scheme, which may adversely affect the value of the underlying scheme.

Risks associated with investing in equities

For an underlying scheme which invests in equities, it is subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting

the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in the relevant marketplace.

Risks associated with investing in collective investment schemes

The Net Asset Value of the Fund is based primarily upon the value of the Fund's holdings of the underlying schemes. If the valuation of such underlying schemes' holdings is based on incomplete or inaccurate financial information or does not adequately reflect the current market value of such underlying schemes' holdings, the Net Asset Value of the Fund so calculated may not reflect the fair value of the Fund's investment. In addition, investment decisions of the underlying schemes are made at the level of such schemes. There can be no assurance that the selection of the managers of the underlying schemes will result in an effective diversification of investment styles and that positions taken by the underlying schemes will always be consistent. Further, in addition to its own fees, the Fund has to bear, indirectly, a proportionate share of the fees paid by the underlying schemes to their managers and other service providers and there may be a duplication of fees.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is US dollars. Where an investment of the Fund is denominated in a currency which is different from the base currency of the Fund, the Fund may be adversely affected by changes in exchange rates between the currency in which the investment of the Fund is held and the base currency of the Fund.

Investment Restrictions

The Fund is subject to the investment restrictions for funds of funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Fund of Funds Series

HANG SENG GLOBAL HIGH GROWTH FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Global High Growth Fund (the "Fund") is to achieve long term capital appreciation with reduced volatility by investing in a diversified portfolio of collective investment schemes that normally invest in global equities.

Distribution Policy

It is proposed not to make distributions in respect of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within 3 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee	Class A	Up to 1.0%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows (subject to a minimum trustee fee of US\$15,600 per annum):- Up to 0.1% in respect of Net Asset Value up to US\$25,000,000 Up to 0.075% in respect of Net Asset Value in excess of US\$25,000,000

Note:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons.

To the extent that the Fund invests in other collective investment schemes, the Fund will also, indirectly, bear a proportionate share of the management fees of such collective investment schemes and so the total management fees directly and indirectly borne by Unitholders will be the aggregate of the Management Fee noted above and the management fees payable to the managers of the underlying collective investment schemes. The management fees of such underlying collective investment schemes will typically be in the range of 1.0-2.0% per annum of the net asset value of the relevant collective investment schemes.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the “RISK FACTORS” section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund’s underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Investment Risk

Investment in the Fund is subject to normal market fluctuations and other risks inherent in the collective investment schemes in which the Fund invests (each an “underlying scheme”). For an underlying scheme which invests in equities, it is subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in the relevant marketplace.

Risks associated with investing in collective investment schemes

The Net Asset Value of the Fund is based primarily upon the value of the Fund’s holdings of the underlying schemes. If the valuation of such underlying schemes’ holdings is based on incomplete or inaccurate financial information or does not adequately reflect the current market value of such underlying scheme’s holdings, the Net Asset Value of the Fund so calculated may not reflect the fair value of the Fund’s investment. In addition, investment decisions of the underlying schemes are made at the level of such schemes. There can be no assurance that the selection of the managers of the underlying schemes will result in an effective diversification of investment styles and that positions taken by the underlying schemes will always be consistent. Further, in addition to its own fees, the Fund has to bear, indirectly, a proportionate share of the fees paid by the underlying schemes to their managers and other service providers and there may be a duplication of fees.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is US dollars. Where an investment of the Fund is denominated in a currency which is different from the base currency of the Fund, the Fund may be adversely affected by changes in exchange rates between the currency in which the investment of

the Fund is held and the base currency of the Fund.

Investment Restrictions

The Fund is subject to the investment restrictions for funds of funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Fund of Funds Series / Bond Fund Series

HANG SENG GLOBAL BOND FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Global Bond Fund (the "Fund") is to maximise total return while maintaining steady current income through investing in a globally diversified portfolio of debt securities. The Manager has full discretion to invest the Fund directly and/or indirectly through other collective investment schemes where the Manager considers it desirable for efficient portfolio management or to achieve appropriate diversification of the Fund's portfolio. In investing the Fund, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio.

Distribution Policy

Both Income Units and Accumulation Units are available for issue.

Income Units

Income Units are Units that distribute income.

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on a semi-annual basis (i.e. June and December in each year). Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangseng.com/fundsupermart.

Accumulation Units

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Different classes of Units, namely Class A Units and Class I Units are available for issue on each Dealing Day, which are subject to different levels of fees and charges, as set out in this Term Sheet.

Class A Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor.

Both Income Units and Accumulation Units are issued for each Class of Units. Four designations of Units are available within the Fund:-

Income Units (Class A)	Accumulation Units (Class A)
Income Units (Class I)	Accumulation Units (Class I)

References to a particular Class of Units shall mean both Income Units and Accumulation Units designated for that Class.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within 3 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units and up to 2.0% of the issue price of Class I Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to

determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units and Class I Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee ²	Class A	Up to 1.0%
	Class I	Up to 0.75%
Administration Fee	Class A	Not Applicable
	Class I	
Trustee Fee	Class A	Calculated on a sliding scale as follows (subject to a minimum trustee fee of US\$19,200 per annum):-
	Class I	Up to 0.125% in respect of Net Asset Value up to US\$25,000,000 Up to 0.10% in respect of Net Asset Value in excess of US\$25,000,000

Notes:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.
- The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons.

To the extent that the Fund invests in other collective investment schemes, the Fund will also, indirectly, bear a proportionate share of the management fees of such collective investment schemes and so the total management fees directly and indirectly borne by Unitholders will be the aggregate of the Management Fee noted above and the management fees payable to the managers of the underlying collective investment schemes. Where such collective investment schemes invest in the debt securities of developed markets, such management fees will typically be in the range of 0.25-0.75% per annum of the net asset value of the relevant collective investment schemes. Where such collective investment schemes invest in high yield (high risk) bonds or the debt securities of emerging markets, such management fees will typically be in the range of 0.75-1.50% per annum of the net asset value of the relevant collective investment schemes.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the “RISK FACTORS” section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund’s underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with investments in debt securities

Investment in the Fund is subject to normal market fluctuations and other risks inherent in the collective investment schemes in which the Fund invests (each an “underlying scheme”). The value of the Fund’s investments (and the value of an underlying scheme’s investments) in debt securities may be positively or negatively affected if interest rates change. Generally, the value of debt securities will change inversely with changes in interest rates. An increase in interest rates may adversely affect the value of the debt securities held by the Fund (and an underlying scheme), which may adversely affect the value of the Fund (and the value of the underlying scheme).

The Fund (and an underlying scheme) is also subject to the risk that the issuer(s) of the debt securities being unable or unwilling to make timely principal and/or interest payment, or to honour its obligations. An issuer’s ability to service debt may be adversely affected by an economic recession and adverse political and social changes in general as well as business, financial and other situations particular to such issuer. If the issuer(s) of the debt securities in which the Fund (and an underlying scheme) invests defaults, the performance of the Fund (and an underlying scheme) will be adversely affected.

Investors should also note that:

- (i) Debt securities are subject to actual and perceived measures of creditworthiness. Where a debt security is rated, the “downgrading” of such rated debt security or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of the security.

- (ii) Emerging market debt securities are generally accompanied by higher risks, due to the greater political and credit risks associated with investing in the asset class, but they can also potentially enhance income and return for investors. Therefore, investors should be prepared for greater volatility than investment in debt securities in developed markets, with an increased risk of capital loss.
- (iii) The Fund (and an underlying scheme) may invest in debt securities which are or are not of investment grading, and are typically unsecured debt obligations not supported by any collateral. The Fund may be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor. For debt securities that are unrated, they are generally subject to greater risk of loss of principal and interest than high-rated debt securities because, generally, they are of lower creditworthiness and liquidity and have greater fluctuation in value and higher chance of default.

Risks associated with investing in collective investment schemes

In relation to the part of the Fund which invests indirectly through other underlying schemes, the relevant part of the Net Asset Value of the Fund is based primarily upon the value of the Fund's holdings of the underlying schemes. If the valuation of such underlying schemes' holdings is based on incomplete or inaccurate financial information or does not adequately reflect the current market value of such underlying schemes' holdings, the Net Asset Value of the Fund so calculated may not reflect the fair value of the Fund's investment. In addition, investment decisions of the underlying schemes are made at the level of such schemes. There can be no assurance that the selection of the managers of the underlying schemes will result in an effective diversification of investment styles and that positions taken by the underlying schemes will always be consistent. Further, in addition to its own fees, the Fund has to bear, indirectly, a proportionate share of the fees paid by the underlying schemes to their managers and other service providers and there may be a duplication of fees.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is US dollars. Where an investment of the Fund is denominated in a currency which is different from the base currency of the Fund, the Fund may be adversely affected by changes in exchange rates between the currency in which the investment of the Fund is held and the base currency of the Fund.

Risks associated with distribution out of capital

For Income Units, the Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units of the Fund.

Investment Restrictions

As noted in the "Investment Objective and Policies" section above, the Manager has a discretion to invest the Fund directly and/or indirectly through other collective investment schemes.

That part of the Fund which is invested directly (including any cash held for the account of the Fund as the Manager may in its discretion allocate to the directly invested portion at the relevant time) will be subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL" but with the percentage limits calculated as a percentage of the net asset value of the portion of the Fund's assets invested directly rather than the Net Asset Value of the Fund.

That part of the Fund which is invested indirectly through other collective investment schemes (including any cash held for the account of the Fund which is not allocated to the directly invested portion at the relevant time) will be subject to the investment restrictions for funds of funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL" but with the

percentage limits calculated as a percentage of the net asset value of the portion of the Fund's assets invested in other collective investment schemes rather than the Net Asset Value of the Fund.

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Fund of Funds Series / Bond Fund Series

HANG SENG GLOBAL HIGH YIELD BOND FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

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

Investment Objective and Policies

The investment objective of the Hang Seng Global High Yield Bond Fund (the "Fund") is to maximise long term total return, comprising both high levels of income and capital appreciation, through investing in a globally diversified portfolio of corporate high yield (high risk) bonds which are of non-investment grade or unrated and emerging market debt instruments and other similar debt instruments worldwide. Non-investment grade bonds are bonds which are rated below Baa3 by Moody's Investors Service or below BBB- by Standard & Poor's or equivalent.

The Manager has full discretion to invest the Fund directly and/or indirectly through other collective investment schemes where the Manager considers it desirable for efficient portfolio management or to achieve appropriate diversification for the Fund's portfolio. In investing the Fund, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio; such sub-advisor(s) (if appointed) shall have no investment management function and the investment management function shall remain with the Manager.

Distribution Policy

Both Income Units and Accumulation Units* are available for issue.

Income Units

Income Units are Units that distribute income.

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make distribution on a monthly basis. Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangseng.com/fundsupermart.

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

*Accumulation Units**

Accumulation Units* are Units that accumulate the income arising in respect of those Units.

No distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Different classes of Units, namely Class A Units and Class I Units are available for issue on each Dealing Day, which are subject to different levels of fees and charges, as set out in this Term Sheet. Class A Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor.

Both Income Units and Accumulation Units* are issued for each Class of Units. Four designations of Units are available within the Fund:-

Income Units (Class A)	Accumulation Units* (Class A)
Income Units (Class I)	Accumulation Units* (Class I)

References to a particular Class of Units shall mean both Income Units and Accumulation Units* designated for that Class.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within 3 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units and up to 2.0% of the issue price of Class I Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

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

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units and Class I Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in the Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee ²	Class A	Up to 1.5%
	Class I	Up to 0.75%
Administration Fee	Class A	Not Applicable
	Class I	
Trustee Fee	Class A	Calculated on a sliding scale as follows (subject to a minimum trustee fee of US\$15,600 per annum):-
	Class I	Up to 0.1% in respect of Net Asset Value up to US\$25,000,000 Up to 0.075% in respect of Net Asset Value in excess of US\$25,000,000

Notes:

1. Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.
2. The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons.

To the extent that the Fund invests in other collective investment schemes, the Fund will also, indirectly,

bear a proportionate share of the management fees of such collective investment schemes and so the total management fees directly and indirectly borne by Unitholders will be the aggregate of the Management Fee noted above and the management fees payable to the managers of the underlying collective investment schemes. The management fees of such underlying collective investment schemes will typically be in the range of 0.75-1.50% per annum of the net asset value of the relevant collective investment schemes.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with the underlying investments of the Fund

Return, if any, on an investment in the Fund is affected by factors such as interest rates, inflation, market sentiment, the availability and cost of credit, the liquidity of the global and local financial markets and the level and volatility of prices of the underlying equities and debt instruments invested by the Fund. Investment in the Fund is also subject to the risks inherent in the collective investment schemes in which the Fund invests (each an "underlying scheme").

As the principal investments of the Fund are in debt instruments, the Fund will be subject to interest rate risk. The value of the Fund's investments (and the value of an underlying scheme's investments) in debt instruments may be positively or negatively affected if interest rates change. Generally, the value of debt instruments will change inversely with changes in interest rates. An increase in interest rates may adversely affect the value of the debt instruments held by the Fund (and an underlying scheme), which may adversely affect the value of the Fund (and the value of the underlying scheme). Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than those with shorter durations. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities may not increase in value if interest rates decline.

The Fund (and an underlying scheme) will also be subject to counterparty and credit risks of the issuers of the debt instruments in which the Fund (and an underlying scheme) invests. **Investors should note that there can be no assurance that the issuers of such debt instruments will be able to fulfill their payment obligations thereunder.** The insolvency of and/or default in payment by such issuers would adversely affect the performance of the Fund (and an underlying scheme).

The investments of the Fund (and an underlying scheme) in debt instruments of emerging markets and in high-risk and high-yield corporate bonds involve higher risks and special considerations need to be taken.

Risks associated with investing in high yield (high risk) corporate bonds

High yield (high risk) bonds which are of non-investment grade or unrated will usually offer higher yields to compensate for the reduced creditworthiness or increased or greater risk of default that these bonds carry. Such bonds are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Such default risks could be significant in adverse political, economic, financial, social and/or other market conditions, thereby resulting in significant or total loss of the capital invested therein.

Compared with investing in bonds with higher ratings/investment grade, investing in high yield (high risk) bonds involves certain additional risks including, without limitation, (i) limited or lack of liquidity (the Fund could lose money if it cannot sell an investment at the time and price that would be most beneficial to the Fund or cannot sell it at all), (ii) higher default rate, (iii) increased susceptibility to fluctuations in value resulting from adverse market conditions, and (iv) potential loss of the entire investment therein.

As the market value of high yield (high risk) bonds reflects the financial and business situation of the relevant corporate and investors' perceptions of that situation, high yield (high risk) bonds may be adversely affected by adverse publicity and investor perceptions (which may or may not be based on fundamental analysis), economic downturns, specific corporate developments of the issuer or the issuer's ability to meet projected business forecasts. The price of such investments may also change suddenly and unexpectedly. A default or expected default by the relevant issuer could also make it difficult for the Fund (and an underlying scheme) to sell the relevant bonds at a price approximating the value previously placed on it.

Risks associated with bond issuers with smaller market capitalisations

The general risks associated with bonds can be particularly pronounced for bonds issued by companies with smaller market capitalizations. These companies may have single or limited business areas, product lines, markets or financial resources or have businesses, properties and/or other assets concentrated in certain markets, sectors or geographical areas or they may depend on a few key employees. As a result, they may be subject to greater levels of credit, market and issuer risk. Bonds of smaller companies may trade less frequently and in lesser volumes than more widely held bonds of larger issuers and their values may fluctuate more sharply. Companies with medium-sized market capitalizations may have risks similar to those of smaller companies.

Risks associated with investing in debt instruments of emerging markets

Investment in debt instruments of emerging markets will be subject to higher risks as such debt instruments will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation.

Other risks include, without limitation, currency fluctuations, the risks of investing in countries with smaller capital markets (such as limited liquidity, price volatility and restrictions on foreign investments), and additional risks associated with emerging economies (including high inflation and interest rates, substantial external debt and political and social uncertainties). Investors should be prepared for greater volatility with investment in debt instruments issued in emerging markets than in developed market.

The issuer or governmental authority that controls the repayment of an emerging market debt instruments may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt instrument. As a result of the foregoing, a government obligor may default on its obligation. If such an event occurs, the Fund (and an underlying scheme) may have limited recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt instruments to obtain recourse may be subject to the political climate in the relevant country.

Risks associated with investing in collective investment schemes

In relation to the part of the Fund which invests indirectly through other underlying schemes, the relevant part of the Net Asset Value of the Fund is based primarily upon the value of the Fund's holdings of the underlying schemes. If the valuation of such underlying schemes' holdings is based on incomplete or inaccurate financial information or does not adequately reflect the current market value of such underlying schemes' holdings, the Net Asset Value of the Fund so calculated may not reflect the fair value of the Fund's investment. In addition, investment decisions of the underlying schemes are made at the level of such schemes. There can be no assurance that the selection of the managers of the underlying schemes will result in an effective diversification of investment styles and that positions taken by the underlying schemes will always be consistent. Further, in addition to its own fees, the Fund has to bear, indirectly, a proportionate share of the fees paid by the underlying schemes to their managers and other service providers and there may be a duplication of fees.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is US dollars. Where an investment of the Fund is denominated in a currency which is different from the base currency of the Fund, the Fund may be adversely affected by changes in exchange rates between the currency in which the investment of the Fund is held and the base currency of the Fund.

Risks associated with distribution out of capital

For Income Units, the Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units of the Fund.

Investment Restrictions

As noted in the "Investment Objective and Policies" section above, the Manager has a discretion to invest the Fund directly and/or indirectly through other collective investment schemes.

That part of the Fund which is invested directly (including any cash held for the account of the Fund as the Manager may in its discretion allocate to the directly invested portion at the relevant time) will be subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL" but with the percentage limits calculated as a percentage of the net asset value of the portion of the Fund's assets invested directly rather than the Net Asset Value of the Fund.

That part of the Fund which invested indirectly through other collective investment schemes (including any cash held for the account of the Fund which is not allocated to the directly invested portion at the relevant time) will be subject to the investment restrictions for funds of funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL" but with the percentage limits calculated as a percentage of the net asset value of the portion of the Fund's assets invested in other collective investment schemes rather than the Net Asset Value of the Fund.

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Fund of Funds Series

HANG SENG GLOBAL TECHNOLOGY FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Global Technology Fund (the "Fund") is to seek long term capital appreciation by investing in a diversified portfolio of collective investment schemes that normally invest in companies in technology or technology-related sectors throughout the world.

Distribution Policy

It is proposed not to make distributions in respect of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within 3 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be

processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interest of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee	Class A	Up to 1.0%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follow:- Up to 0.1% in respect of Net Asset Value up to US\$25,000,000 Up to 0.075% in respect of Net Asset Value in excess of US\$25,000,000

Note:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons.

To the extent that the Fund invests in other collective investment schemes, the Fund will also, indirectly, bear a proportionate share of the management fees of such collective investment schemes and so the total management fees directly and indirectly borne by Unitholders will be the aggregate of the Management Fee noted above and the management fees payable to the managers of the underlying collective investment schemes. Where such collective investment schemes invest generally in the technology or technology related securities, such investment management fees will typically be in the range of 0.75-1.5% per annum of the net asset value of the relevant collective investment schemes. Where such collective investment schemes are specialist schemes invest in technology or technology

related securities, such investment management fees will typically be up to 2.0% per annum of the net asset value of the relevant collective investment schemes.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Investment Risk

Investment in the Fund is subject to normal market fluctuations and other risks inherent in the collective investment schemes in which the Fund invests (each an "underlying scheme"). For an underlying scheme which invests in equities, it is subject to the risks generally associated with equity investment, namely, the market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in the relevant marketplace.

Concentration Risk

There is a high concentration risk. To the extent that the Fund's investments concentrate in the technology or technology-related sectors, the Fund's performance would depend substantially on the performance of such sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular sector.

Risks associated with investing in collective investment schemes

The Net Asset Value of the Fund is based primarily upon the value of the Fund's holdings of the underlying schemes. If the valuation of such underlying schemes' holdings is based on incomplete or inaccurate financial information or does not adequately reflect the current market value of such underlying schemes' holdings, the Net Asset Value of the Fund so calculated may not reflect the fair value of the Fund's investment. In addition, investment decisions of the underlying schemes are made at the level of such schemes. There can be no assurance that the selection of the managers of the underlying schemes will result in an effective diversification of investment styles and that positions taken

by the underlying schemes will always be consistent. Further, in addition to its own fees, the Fund has to bear, indirectly, a proportionate share of the fees paid by the underlying schemes to their managers and other service providers and there may be a duplication of fees.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is US dollars. Where an investment of the Fund is denominated in a currency which is different from the base currency of the Fund, the Fund may be adversely affected by changes in exchange rates between the currency in which the investment of the Fund is held and the base currency of the Fund.

Investment Restrictions

The Fund is subject to the investment restrictions for funds of funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Index Fund Series / Mainland China / Hong Kong Fund Series

HANG SENG INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Important

The Manager does not knowingly allow this Fund to be used to perpetrate any market timing and/or active trading practice as such practices may adversely affect the interests of Unitholders of the Fund. Investors are reminded that the Manager has an absolute discretion to reject in whole or in part any application for subscription of Units of the Fund which the Manager reasonably suspects to be associated with market timing and/or active trading practices, without disclosing the reason for the relevant suspicion. Investors should refer to the sub-section headed "Measures against Market Timing and/or Active Trading" under the section headed "ISSUE OF UNITS" in the Explanatory Memorandum for details.

Investment Objective and Policies

The investment objective of the Hang Seng Index Fund (the "Fund") is to match as closely as practicable the performance of the Hang Seng Index (the "Index") for each of the morning and the afternoon trading sessions of The Stock Exchange of Hong Kong Limited (the "SEHK") through investing primarily in the constituent stocks of the Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Index for each trading session of the SEHK and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information on the Index.

The Manager will primarily adopt the full replication strategy by which the assets of the Fund will comprise the constituent stocks with reference to their respective weightings in the Index or futures contracts on the Index. In order to maximise portfolio management efficiency, minimise transaction cost and tracking error, exposure to the Index may also be obtained through other index-tracking strategies (such as sampling strategies) or financial instruments (such as futures contracts) from which the return to the Fund will substantially reflect the performance of the Index. Such strategies and instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index.

Change from direct investment fund to feeder fund

In future, the Manager may elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund (the "Underlying Fund").

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Change of Underlying Fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Distribution Policy

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on an annual basis (i.e. December in each year). Unless a Unitholder requests otherwise, each distribution from the Fund will be reinvested in the subscription of further Units. Those further Units will be issued on the day on which the distribution would otherwise be paid (or, if that day is not a Dealing Day, on the next succeeding Dealing Day) at a price equal to the issue

price per Unit for the Afternoon Dealing Session (as defined below); no preliminary charge or redemption charge will be levied in respect of Units so issued. A Unitholder may at any time terminate the reinvestment of the Unitholder's distributions by giving notice in writing to the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangseng.com/fundsupermart.

Issue of Units

Different classes of Units, namely Class A Units and Class I Units are available for issue on each Dealing Day, which are subject to different levels of fees and charges, as set out in this Term Sheet. Class A Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor. There are two dealing sessions ("Dealing Sessions"), one in the morning (the "Morning Dealing Session") and one in the afternoon (the "Afternoon Dealing Session") respectively on each Dealing Day.

For each Dealing Day, there are 2 cut-off times for receipt of applications for subscription by the Manager, being the official closing time of SEHK for the morning trading session which currently is 12:00 noon (Hong Kong time) (the "Morning Cut-off Time") and the official closing time of SEHK for the afternoon trading session which currently is 4:00 p.m. (Hong Kong time) (the "Afternoon Cut-off Time"). Each of the Morning Cut-off Time and the Afternoon Cut-off Time as applicable to subscription applications is also referred to as a "Dealing Cut-off Time" which may, as determined by the Manager with prior agreement of the Trustee, be postponed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Session.

In respect of all subscription applications received before the Morning Cut-off Time, the relevant Units will be issued based on the issue price for the Morning Dealing Session and in respect of all subscription applications received after the Morning Cut-off Time but before the Afternoon Cut-off Time on a Dealing Day, the relevant Units will be issued based on the issue price for the Afternoon Dealing Session.

All subscription applications received after the relevant Dealing Cut-off Time (the Morning Cut-off Time or the Afternoon Cut-off Time, as the case may be) will be treated as received in the next Dealing Session and dealt with accordingly. However, where any subscription application from an Authorised Distributor is received by the Manager after the relevant Dealing Cut-off Time due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the relevant Units; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Cut-off Time; and 4) the relevant application was received by the Authorised Distributor before the relevant Dealing Cut-off Time, the Manager shall have the discretion to determine whether to accept such late application as an application received before that Dealing Cut-off Time.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units and up to 2.0% of the issue price of Class I Units on the issue of such Units.

Redemption and Switching of Units

For each Dealing Day, there are 2 cut-off times for receipt of applications for redemption by the Manager, being the Morning Cut-off Time and the Afternoon Cut-off Time. However, a redemption application can only be made in respect of Units which have already been registered against the name of the applicant in the register of Unitholders. As such, investors should note in particular that Units subscribed in the Morning Dealing Session are not available for redemption in the Afternoon Dealing Session of the same Dealing Day as such Units have not yet been registered against the name of the applicant in the register of Unitholders. Each of the Dealing Cut-off Time as applicable to redemption applications may, as determined by the Manager with prior agreement of the Trustee, be postponed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Session.

In respect of all redemption applications received before the Morning Cut-off Time, the relevant Units will be redeemed based on the redemption price for the Morning Dealing Session and in respect of all redemption applications received after the Morning Cut-off Time but before the Afternoon Cut-off Time, the relevant Units will be redeemed based on the redemption price for the Afternoon Dealing Session.

Investors should note that for each Dealing Day, there is only one cut-off time for receipt of all applications for switching into or out of Class A and/or Class I Units of the Fund which shall be the Afternoon Cut-off Time for that day if it is a full trading day of the SEHK, or if the SEHK is not open for normal trading in the afternoon on that day, it shall be the Afternoon Cut-off Time for the next Dealing Day, or such other time prior to the calculation of the Net Asset Value of the relevant Units as the Manager may determine and agree with the Trustee.

All redemption applications received after the relevant Dealing Cut-off Time (the Morning Cut-off Time or the Afternoon Cut-off Time, as the case may be) will be treated as received in the next Dealing Session and dealt with accordingly. All switching applications received after the relevant Afternoon Cut-off Time will be treated as received before the next Afternoon Cut-off Time and dealt with accordingly. However, where any redemption and/or switching application from an Authorised Distributor is received by the Manager after the relevant Dealing Cut-off Time due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the relevant Units; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Cut-off Time; and 4) the relevant application was received by the Authorised Distributor before the relevant Dealing Cut-off Time, the Manager shall have the discretion to determine whether to accept such late application as an application received before that Dealing Cut-off Time.

No redemption charge will be levied on the redemption of Class A Units and Class I Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in the Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

Restrictions on Redemption

With reference to the provision in the sub-section headed “Restrictions on Redemption” under the section headed “REDEMPTION OF UNITS” in the Explanatory Memorandum of the Hang Seng Investment Series, the Manager is entitled at its discretion and with the approval of the Trustee to limit the number of Units redeemed in respect of any Dealing Session (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total value of the relevant class of Units then in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units in respect of that Dealing Session will redeem the same proportion by value of such Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, to the next Dealing Session. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee	Class A	Up to 1.0%
	Class I	Up to 0.5%
Administration Fee	Class A	Not Applicable
	Class I	
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.1% in respect of Net Asset Value up to HK\$300,000,000 Up to 0.06% in respect of Net Asset Value for the next HK\$300,000,000 Up to 0.03% in respect of Net Asset Value in excess of HK\$600,000,000
	Class I	

Notes:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund accrues on each Dealing Day and is calculated once only during the valuation of the Fund undertaken after the Afternoon Cut-off Time and is payable monthly in arrears. No such fee calculation will be performed during the valuation of the Fund undertaken after the Morning Cut-off Time.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the “RISK FACTORS” section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising

from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with an index fund

Tracking Error Risk

Whilst the investment objective of the Fund is to match as closely as practicable the performance of the Index for each trading session of the SEHK, **there can be no assurance that the performance of the Fund will be identical to the performance of the Index for each trading session of the SEHK.** In particular:-

- the Fund will bear the fees, costs and expenses in relation to the Fund, including but not limited to costs of investing and realising the investments of the Fund, the fees and expenses of custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, printing and postage costs for the Explanatory Memorandum, reports, all notices and communication for the Fund, all these fees, costs and expenses will affect the performance of the Fund relative to the Index for each trading session of the SEHK;
- in order to track the Index, the Manager will need to buy and sell constituent stocks of the Index during each trading session of the SEHK. The time differences associated with portfolio re-balancing and the price at which the constituent stocks in the Index is acquired or disposed by the Fund will be affected by the market condition at the time of acquisition or disposal;
- in order to maximise portfolio management efficiency, the Manager may in addition to the full replication strategy apply other index-tracking strategies (such as sampling strategies) or use other financial derivative instruments (such as futures contracts) to obtain exposure to the Index for the Fund, which may themselves not necessarily reflect the performance of the Index for the relevant trading session of the SEHK entirely. Nevertheless, the Manager will endeavour to minimise the potential deviation in the performance of the Fund against the Index and cost in relation to the use of such strategies or instruments;
- whilst the Manager will seek to minimise any deviations in the Fund's holdings of constituent stocks against their weightings in the Index, there can be no guarantee that at the end of each trading session of the SEHK, the Fund's holdings of constituent stocks will match their weightings in the Index.

Passive Investment Risk

The Manager does not have any discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Fund.

The composition of the Index may change and stocks currently comprising the Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Index. Such changes in the composition of the Index are beyond the control of the Manager.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in the Hong Kong listed securities (including H-shares and red chip shares) of a particular sector or group of sectors, the investments of the Fund may be similarly concentrated. The performance of the Fund could depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

In addition, in seeking to reflect the weightings of constituent stocks of the Index, investments of the Fund may be concentrated in a single constituent stock or several constituent stocks. Investors should also note that the performance of the Index and the Fund may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

Index Related Risk

In the event that the Index ceases to be operated or is not available, the Manager will, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive document of the Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. The SFC reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered to be acceptable to the SFC.

Risk associated with Two Dealing Sessions

In order to track the performance of the Index for each trading session of the SEHK on each Dealing Day, the Fund may need to make investments more frequently on any Dealing Day than the case for a fund which only tracks the performance of the Index on each Dealing Day. The Fund may have to bear relatively higher transaction costs for investments and the performance of the Fund may be adversely affected.

On any Dealing Day, the Net Asset Value of the relevant class of Units for the Morning Dealing Session may be higher or lower than that for the Afternoon Dealing Session. Investors should note that investors who subscribe for or redeem Units before the Morning Cut-off Time may need to pay/receive a higher or lower price than they need to pay for/receive from the same number of Units subscribed for or redeemed before the Afternoon Cut-off Time.

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in H-shares and red chip shares, the Fund is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;

- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalization or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasize decentralization and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorised by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

PRC Tax Risk

Investors should note that where the Fund invests in shares (e.g. H-shares and/or certain red chip shares) of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's investments in shares of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

However, there are still uncertainties as to the application of the PRC Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to whether gains realised on disposal of the Fund's investments in H-shares/red chip shares would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, the Manager has not made any provision for taxes. However, the Manager reserves the right to make any provision for taxes or deduct or withhold an amount on account of taxes from assets of the Fund according to the PRC Enterprise Income Tax Law and its implementation rules.

Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such provision for taxes or such adjustments to the amount of provision for taxes (if any) as it considers necessary as soon as practicable. If provision for taxes is to be made, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

In case of no provision for taxes being made or a difference between the Fund's provision for taxes (if any) and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance of, the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund's provision for taxes (if any) and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund's actual PRC tax liabilities are higher than the provision for taxes (if

any) made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund's actual PRC tax liabilities are lower than the provision for taxes (if any) made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority's ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in H-shares and/or certain red chip shares are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in H-shares and/or certain red chip shares.

Conflicts of Interest Risk

Investors should note that the Trustee, the Manager, the Index provider (i.e. Hang Seng Indexes Company Limited) and the Index proprietor (i.e. Hang Seng Data Services Limited) are all members of the same financial group (i.e. the HSBC Group). Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders of the Fund are treated fairly.

Although separate legal entities and operationally independent, each of the Trustee, the Manager, the Index provider and the Index proprietor are presently part of the same financial group. Whilst each of these entities is regulated to engage in its activities and in the provision of services in respect of the Fund, in the event of a financial catastrophe or the insolvency of any member of the HSBC Group, there may be adverse implications for the business of the HSBC Group as a whole or other members of the HSBC Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation may be disrupted.

Risks associated with distribution out of capital

The Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

Investment Restrictions

For so long as the Fund is a direct investment fund, the Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

However, to enable the Fund to track the performance of the Index in an efficient manner, the Fund is allowed to apply other index-tracking strategies (such as sampling strategies) or use other financial instruments (such as futures contracts) in addition to the full replication strategy, such that more than 10% of its Net Asset Value may be invested in constituent securities issued by a single issuer, regardless of their respective weightings in the Index.

Where the Manager elects to change the Fund to a feeder fund, the Fund will be subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the “Investment Restrictions” section under “GENERAL”. For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Borrowing Restrictions

The Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investment for the Fund and to meet redemptions and other expenses of the Fund.

Where the Manager elects to change the Fund to a feeder fund, the Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund will be calculated twice in respect of each Dealing Day as at such time after each of the Morning Cut-off Time and the Afternoon Cut-off Time respectively but before the next relevant Dealing Cut-off time. The details of the valuation rules are described in the Explanatory Memorandum under “VALUATION OF FUNDS AND UNIT PRICES”.

Publication of Prices

The Net Asset Value for each class of Units in respect of each Dealing Session on a Dealing Day will be published on the next Business Day in the Hong Kong Economic Times and The Standard and will be available from the Manager on request.

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The Hang Seng Index (the “Index”)

The Index, launched on 24 November 1969, 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 is calculated with a base value of 100 as of 31 July 1964. It is calculated on a 2-second basis during trading hours of the SEHK and its closing value is based on official closing prices of stocks announced by the SEHK.

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

Constituent stocks of the Index are selected by a rigorous process of detailed analysis. Only companies with a primary listing on the Main Board of the SEHK are eligible potential constituents. The Mainland enterprises that have a H-share listing in Hong Kong will be eligible for inclusion in the Index if they meet one of the following conditions: (1) the H-share company has 100% of its ordinary share capital in the form of H-shares which are listed on the SEHK; (2) the H-share company has completed the process of the share reform, with the result that there is no unlisted share capital in the company; or (3) for new H-share initial public offerings, the company has no unlisted share capital.

Besides, to be eligible for inclusion in the Index, a company (1) must be among those companies that constitute the top 90% of the total market capitalisation of all primary listed shares on the SEHK (market capitalisation is expressed as an average of the past 12 months); (2) must be among those companies that constitute the top 90% of the total turnover of all primary listed shares on the SEHK (turnover is aggregated and individually assessed for eight quarterly sub-periods for the past 24 months); and (3) should normally have a listing history of 24 months on the SEHK or meet the requirements below in relation to large-cap stocks listed for less than 24 months.

In connection with item (3) of the preceding paragraph, the minimum listing history required for a newly-listed large-cap stock to be eligible for inclusion in the Index is as follows:

Average market capitalisation ranking at time of Index review	Minimum listing history
Top 5	3 Months
6 – 15	6 Months
16 – 20	12 Months
21 – 25	18 Months
Below 25	24 Months

The final selections are based on the following:

- the market capitalisation and turnover ranking of the company;
- the representation of the relevant sub-sector within the Index directly reflecting that of the market; and
- the financial performance of the company.

A freefloat-adjusted market capitalization weighted methodology is adopted for the calculation of the Index. The cap on each constituent weighting will be lowered from 15% to 10% which will be phased in over a period of 12 months from September 2014 to September 2015 through five rounds of index rebalancing. Details of the rebalancing schedule are set out below:

After Market Close on	Capping Level
5 Sep 2014 (Fri)	14%
5 Dec 2014 (Fri)	13%
6 Mar 2015 (Fri)	12%
5 Jun 2015 (Fri)	11%
4 Sep 2015 (Fri)	10%

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
5	HSBC Holdings plc	11.28
700	Tencent Holdings Ltd.	9.26
941	China Mobile Ltd	7.63
1299	AIA Group Ltd.	7.10
939	China Construction Bank Corporation - H Share	6.51
1398	Industrial and Commercial Bank of China Ltd. - H Share	5.02
3988	Bank of China Ltd. - H Share	4.25
2628	China Life Insurance Co. Ltd. - H Share	2.91
13	Hutchison Whampoa Ltd.	2.79
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	2.70

Real-time update of the Index can be obtained through Thomson Reuters, Bloomberg and the website of HSIL at: <http://www.hsi.com.hk/>. The Index methodology and other important news relating to the Index are available at the HSIL website <http://www.hsi.com.hk/>.

Please note:

- The list of constituent stocks which comprise the Index is reviewed by HSIL on a quarterly basis. The composition of the Index may change and be substituted with other companies as determined by HSIL if any of the constituent companies were to delist its shares.
- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify HSIL and Hang Seng Data Services Limited (“HSDS”) against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future Unitholder or investor) as a result of any act or omission of HSIL and HSDS in respect of or in connection with the trading in the Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in cases of their wilful misconduct, bad faith or dishonesty). The Manager will also indemnify HSIL and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the license agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the Fund’s assets in respect of any claims made against it including those in relation to the license agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Fund.

Index Disclaimer

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AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE 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 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 INDEX IS GIVEN OR MAY BE IMPLIED. The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY HANG SENG INVESTMENT MANAGEMENT LIMITED IN CONNECTION WITH THE FUND; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE 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 FUND OR ANY OTHER PERSON DEALING WITH THE FUND AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Fund in any manner whatsoever by any broker, holder or other person dealing with the Fund. Any broker, holder or other person dealing with the Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

Index Fund Series / Mainland China / Hong Kong Fund Series

HANG SENG MIDCAP INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

** The Income Units are no longer marketed to the public of Hong Kong starting from 31 December 2014.*

Investment Objective and Policies

The investment objective of the Hang Seng MidCap Index Fund (the "Fund") is to match as closely as practicable the performance of the Hang Seng Composite MidCap Index (the "Index") through investing primarily in the constituent stocks of the Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Index particularly on a day-to-day basis and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information on the Index.

The Manager will primarily adopt the full replication strategy by which the assets of the Fund will comprise the constituent stocks with reference to their respective weightings in the Index or futures contracts on the Index. In order to maximise portfolio management efficiency, minimise transaction cost and tracking error, exposure to the Index may also be obtained through other index-tracking strategies (such as sampling strategies) or financial instruments (such as futures contracts) from which the return to the Fund will substantially reflect the performance of the Index. Such strategies and instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index.

Change from direct investment fund to feeder fund

In future, the Manager may elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund (the "Underlying Fund").

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Change of Underlying Fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Distribution Policy

Both Income Units* and Accumulation Units are available for issue.

*Income Units**

Income Units* are Units that distribute income.

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on an annual basis (i.e. December in each year). Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment.

* The Income Units are no longer marketed to the public of Hong Kong starting from 31 December 2014.

Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units* of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangseng.com/fundsupermart.

Accumulation Units

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue.

Both Income Units* and Accumulation Units are issued for Class A Units. Two designations of Units are available within the Fund:-

Income Units* (Class A)

Accumulation Units (Class A)

References to a particular Class of Units shall mean both Income Units* and Accumulation Units designated for that Class.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager before the official closing time of The Stock Exchange of Hong Kong Limited (the "SEHK") on that Dealing Day. The current cut-off time for the receipt of subscription applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied, for together with any preliminary charge, is due within the settlement period for transactions on SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time

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for the receipt of redemption and switching applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee	Class A	Up to 1.0%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.1% in respect of Net Asset Value up to HK\$300,000,000 Up to 0.06% in respect of Net Asset Value for the next HK\$300,000,000 Up to 0.03% in respect of Net Asset Value in excess of HK\$600,000,000

Note:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with

investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with an index fund

Tracking Error Risk

Whilst the investment objective of the Fund is to match as closely as practicable the performance of the Index, **there can be no assurance that the performance of the Fund will be identical to the performance of the Index.** In particular:-

- the Fund will bear the fees, costs and expenses in relation to the Fund, including but not limited to costs of investing and realising the investments of the Fund, the fees and expenses of custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, printing and postage costs for the Explanatory Memorandum, reports, all notices and communication for the Fund, all these fees, costs and expenses will affect the performance of the Fund relative to the Index;
- in order to track the Index, the Manager will need to buy and sell constituent stocks of the Index on a daily basis. The time differences associated with portfolio re-balancing and the price at which the constituent stocks in the Index is acquired or disposed by the Fund will be affected by the market condition at the time of acquisition or disposal;
- in order to maximise portfolio management efficiency, the Manager may in addition to the full replication strategy apply other index-tracking strategies (such as sampling strategies) or use other financial derivative instruments (such as futures contracts) to obtain exposure to the Index for the Fund, which may themselves not necessarily reflect the performance of the Index entirely. Nevertheless, the Manager will endeavour to minimise the potential deviation of performance of the Fund against the Index and cost in relation to the use of such strategies or instruments;
- whilst the Manager will seek to minimise any deviations in the Fund's holdings of constituent stocks against their weightings in the Index, there can be no guarantee that at the end of each Dealing Day the Fund's holdings of constituent stocks will match their weightings in the Index.

Passive Investment Risk

The Manager does not have any discretion to select stocks individually or take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Fund.

The composition of the Index may change and stocks currently comprising the Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Index.

Such changes in the composition of the Index are beyond the control of the Manager.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in the Hong Kong listed securities (including H-shares and red chip shares) of particular size(s) (i.e. midcap), the investments of the Fund may be similarly concentrated. The performance of the Fund could depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

In addition, in seeking to reflect the weightings of constituent stocks of the Index, investments of the Fund may be concentrated in a single constituent stock or several constituent stocks. Investors should also note that the performance of the Index and the Fund may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

Index Related Risk

In the event that the Index ceases to be operated or is not available, the Manager will, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive document of the Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. The SFC reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered to be acceptable to the SFC.

Conflicts of Interest Risk

Investors should note that the Trustee, the Manager, the Index provider (i.e. Hang Seng Indexes Company Limited) and the Index proprietor (i.e. Hang Seng Data Services Limited) are all members of the same financial group (i.e. the HSBC Group). Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders of the Fund are treated fairly.

Although separate legal entities and operationally independent, each of the Trustee, the Manager, the Index provider and the Index proprietor are presently part of the same financial group. Whilst each of these entities is regulated to engage in its activities and in the provision of services in respect of the Fund, in the event of a financial catastrophe or the insolvency of any member of the HSBC Group, there may be adverse implications for the business of the HSBC Group as a whole or other members of the HSBC Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation may be disrupted.

Risks associated with investing in companies with medium capitalisation

The Fund invests in listed shares of companies with medium capitalisation and may, from time to time, and especially in falling markets, become illiquid and experience short-term price volatility and wider spreads between bid and offer prices and thus may involve higher risk than funds which invest in shares of companies with large capitalisation.

Risks associated with distribution out of capital

For Income Units*, the Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units* of the Fund.

Investment Restrictions

For so long as the Fund is a direct investment fund, the Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

* The Income Units are no longer marketed to the public of Hong Kong starting from 31 December 2014.

However, to enable the Fund to track the performance of the Index in an efficient manner, the Fund is allowed to apply other index-tracking strategies (such as sampling strategies) or use other financial instruments (such as futures contracts) in addition to the full replication strategy, such that more than 10% of its Net Asset Value may be invested in constituent securities issued by a single issuer, regardless of their respective weightings in the Index. Nevertheless, when sampling strategies are used which results in the weighting of a particular constituent security in the Fund exceeding its weighting in the Index, such excess in the allocation of the Fund's assets to such constituent security shall be limited to:-

up to 4% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of not more than 30%;

up to 3% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of 30% to 50%;

up to 2% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of over 50%.

Where the Manager elects to change the Fund to a feeder fund, the Fund will be subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Borrowing Restrictions

The Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investment for the Fund and to meet redemptions and other expenses of the Fund.

Where the Manager elects to change the Fund to a feeder fund, the Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The Hang Seng Composite MidCap Index (the “Index”)

The Index is a sub-index of the Hang Seng Composite Index (the “HSCI”). The HSCI offers a comprehensive Hong Kong market benchmark that covers about 95% of the total market capitalisation of stocks listed on the Main Board of the SEHK, and is sub-divided into three size indexes based on the sizes of the constituents. The Index covers the next 15% of the total market capitalisation of the HSCI, following the top 80%. The Index is calculated with a base value of 2,000 as of 3 January 2000. It is updated on a 2-second basis during trading hours of the SEHK and its closing value is based on official closing prices of stocks announced by the SEHK.

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

For a stock to be selected as a constituent stock of the HSCI, it must pass the following 2 screenings:

I) Market Capitalisation Screening:

The universe of the HSCI comprises all stocks that have their primary listing on the Main Board of the SEHK and stocks to be included in the eligibility list for constituent selection must pass the following eligibility screening:

- 1) All stocks are ranked by their full market capitalisation, in terms of average month-end market capitalisation in the past 12 months.
- 2) Average of the past month-end market capitalisation will be used for stock with a listing history of less than 12 months.
- 3) Stocks which rank in the top 95% of the total market capitalisation in terms of average month-end market capitalisation in the past 12 months of the universe are eligible for turnover screening.

No listing history is required. Newly listed stocks which are listed before the review cut-off date will be considered in the Index review.

II) Turnover Screening:

Turnover velocity in each of the past 12 months is calculated for each eligible stock based on the following formula:

$$\text{Turnover velocity} = \frac{\text{Median of daily traded shares in specific calendar month}}{\text{Freefloat-adjusted issued shares at month end}}$$

The minimum requirement of turnover velocity is 0.05% and turnover velocity of an eligible stock must also meet the minimum requirement for at least 10 out of the past 12 months and for at least five out of the latest six months. Turnover screening is not applied to ad hoc constituent inclusion under the Fast Entry Rule (i.e. a newly listed stock will be added to the HSCI between regular reviews if its total market capitalisation ranks within the top 10% of the existing HSCI constituents at the market close of its first trading day. The ad hoc addition will normally be implemented after the market close of the 10th trading day of the newly listed stock. Stocks that are newly listed in the first or third quarter of each year and that meet the criteria for joining the Index will join the Index on the rebalancing date in June or December respectively.).

If a company in the universe has more than one class of shares listed on the SEHK, each class of shares will be treated as an individual stock and reviewed separately.

The HSCI adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on each constituent weighting.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
566	Hanergy Thin Film Power Group Ltd.	3.10
2328	PICC Property and Casualty Co. Ltd. - H Share	2.68
2333	Great Wall Motor Co. Ltd. - H Share	2.29
669	Techtronic Industries Co. Ltd.	1.97
1800	China Communications Construction Co. Ltd. - H Share	1.91
530	Goldin Financial Holdings Ltd.	1.79
489	Dongfeng Motor Group Co Ltd. - H Share	1.59
902	Huaneng Power International, Inc. - H Share	1.58
914	Anhui Conch Cement Co. Ltd. - H Share	1.53
1336	New China Life Insurance Co. Ltd. - H Share	1.52

Real-time update of the Index can be obtained through Thomson Reuters, Bloomberg and the website of HSIL at: <http://www.hsi.com.hk/>. Other important news relating to the Index are available at the HSIL website, <http://www.hsi.com.hk/>.

Please note:

- The respective composition of the HSCI and the Index may change and be substituted with other companies as determined by HSIL if any of the constituent companies were to delist its shares. The lists of constituent stocks which comprise the HSCI and the Index respectively are reviewed by HSIL on a half-yearly basis. Existing constituents of the HSCI will be removed from the HSCI and eligible stocks will be included in the HSCI based on the relevant criteria set by HSIL. As regards the sub-index level, new HSCI constituents will be included in the Index if they rank below the top 77% but within the top 93% of the total market capitalisation of the HSCI. For existing constituents of the Index, they will remain in the Index if they rank below the top 77% but within the top 97% of the total market capitalisation of the HSCI. Existing constituents of other size indexes in the HSCI will be moved to the Index based on the relevant criteria set by HSIL.
- The accuracy and completeness of the calculation of the Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify HSIL and Hang Seng Data Services Limited (“HSDS”) against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future Unitholder or investor) as a result of any act or omission of HSIL and HSDS in respect of or in connection with the trading in the Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in cases of their wilful misconduct, bad faith or dishonesty). The Manager will also indemnify HSIL and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the license agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the Fund’s assets in respect of any claims made against it including those in relation to the license agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Fund.

Index Disclaimer

The Hang Seng Composite MidCap Index (the “Index”) is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name “Hang Seng Composite MidCap Index” is proprietary to Hang Seng Data Services Limited. Hang

Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by Hang Seng Investment Management Limited in connection with Hang Seng MidCap Index Fund (the "Fund"), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE 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 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 ANY OF THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY HANG SENG INVESTMENT MANAGEMENT LIMITED IN CONNECTION WITH THE FUND; OR ((ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE 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 FUND OR ANY OTHER PERSON DEALING WITH THE FUND AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Fund in any manner whatsoever by any broker, holder or other person dealing with the Fund. Any broker, holder or other person dealing with the Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

Index Fund Series / Mainland China / Hong Kong Fund Series

HANG SENG CHINA INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

** The Income Units are no longer marketed to the public of Hong Kong starting from 31 December 2014.*

Investment Objective and Policies

The investment objective of the Hang Seng China Index Fund (the "Fund") is to match as closely as practicable the performance of the FTSE China 50 Index (the "Index"). It seeks to do so by investing solely in another index-tracking fund authorised by the SFC with a substantially similar investment objective as that of the Fund and managed by the Manager (the "Underlying Fund"). Currently, the Manager has selected the Hang Seng FTSE China 50 Index ETF as the Underlying Fund. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Index particularly on a day-to-day basis and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information on the Underlying Fund and Appendix 2 for detailed information on the Index.

Change of Underlying Fund

In future, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

In future, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Change from direct investment fund to feeder fund

Subsequent to the Fund having been changed to a direct investment fund, the Manager may elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will, in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund.

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Distribution Policy

Both Income Units* and Accumulation Units are available for issue.

*Income Units**

Income Units* are Units that distribute income.

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on an annual basis (i.e. December in each year). Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units* of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangseng.com/fundsupermart.

* The Income Units are no longer marketed to the public of Hong Kong starting from 31 December 2014.

Accumulation Units

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue.

Both Income Units* and Accumulation Units are issued for Class A Units. Two designations of Units are available within the Fund:-

Income Units* (Class A) Accumulation Units (Class A)

References to a particular Class of Units shall mean both Income Units* and Accumulation Units designated for that Class.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager before the official closing time of The Stock Exchange of Hong Kong Limited (the "SEHK") on that Dealing Day. The current cut-off time for the receipt of subscription applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of redemption and switching applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

* The Income Units are no longer marketed to the public of Hong Kong starting from 31 December 2014.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund and the management fee and trustee fee of the Underlying Fund, each expressed as a percentage per annum of the Net Asset Value of the Fund or of the net asset value of the Underlying Fund (as the case may be):-

	The Fund*	The Underlying Fund**
Management Fee	Currently waived	0.55% per annum
Administration Fee		Not Applicable
Trustee Fee		0.05% per annum

Notes:

* For so long as the Fund is a feeder fund investing solely in the Underlying Fund and the Underlying Fund is also managed by the Manager, the Manager will not charge any management fee and administration fee in respect of the Fund and the Trustee will not charge any trustee fee in respect of the Fund.

** Any increase in the management fee and trustee fee of the Underlying Fund from the current level up to the maximum level will be announced or published on the SEHK's website www.hkex.com.hk and via www.hangseng.com/etf.

For so long as the Fund is a feeder fund investing solely in the Underlying Fund, in relation to the Units in the Underlying Fund held by the Fund, the Fund has to bear the management fee and trustee fee of the Underlying Fund and other fees, charges and expenses payable by the Underlying Fund. Such fees, charges and expenses will be deducted from the net asset value of the Underlying Fund and reflected in the net asset value per unit of the Underlying Fund, which will be the price at which the Fund subscribes for units in the Underlying Fund.

Where the Fund is changed to a direct investment fund, the Management Fee, Administration Fee and Trustee Fee of the Fund[#] will be charged at such rate as set out in the following table, each expressed as a percentage per annum of the Net Asset Value of the Fund.

	The Fund
Management Fee	Up to 1%
Administration Fee	Not Applicable
Trustee Fee	Calculated on a sliding scale as follows:- Up to 0.1% in respect of Net Asset Value of the Fund up to HK\$300,000,000 Up to 0.06% in respect of Net Asset Value of the Fund on the next HK\$300,000,000 Up to 0.03% in respect of Net Asset Value of the Fund in excess of HK\$600,000,000

Note:

Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund shall be calculated and accrue on each Dealing Day and shall be payable monthly in arrears.

For so long as the Fund is a feeder fund investing solely in the Underlying Fund, no preliminary charge will be levied on the amounts which the Fund invests in the Underlying Fund but where the Fund is changed to invest in a collective investment scheme(s) managed by an entity other than the Manager or any of its connected persons, the Fund will have to bear any charges and fees levied on investment in such collective investment scheme(s).

The following fees will be disclosed in the annual financial reports for the Fund:-

- (1) For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) and the maximum aggregate trustee fees payable to the Trustee and the trustee of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) during the reporting financial period expressed as a percentage per annum of the Net Asset Value of the Fund;
- (2) where the Fund is changed to a direct investment fund, the management fee paid to the Manager (inclusive of any sub-advisor's fee, if applicable) and the trustee fee paid to the Trustee.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Whilst the investment objective of the Fund is to match as closely as practicable the performance of the Index, **there can be no assurance that the performance of the Fund will be identical to the performance of the Index.**

Risks relating to the fund structure

As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to such risks to which the Underlying Fund is subject as mentioned in Appendix 1, including the following:-

General

As the Underlying Fund is listed and traded on the SEHK, general investors can directly buy or sell units of the Underlying Fund through a stockbroker or a bank. Investors should note the differences between the Fund and the Underlying Fund, including the differences in respect of fees and charges, trading channel, dealing frequency and dealing price determination and decide whether they shall invest in the Fund or invest in the Underlying Fund directly.

Tracking Error Risk

There can be no assurance that the performance of the Underlying Fund (and hence the Fund) will be identical to the performance of the Index due to circumstances such as the fees and expenses borne by the Fund and the Underlying Fund, imperfect correlation between the Underlying Fund's securities and those in the Index, timing differences associated with portfolio re-balancing by the Underlying Fund as against a change in the constituent stocks of the Index. The assets of the Underlying Fund may not be fully invested in the constituent stocks of the Index at all times. Use of sampling techniques or futures or other derivative positions may affect the Underlying Fund's ability to maintain a high level of correlation with the Index.

Passive Investment Risk

The Underlying Fund is passively managed. The manager of the Underlying Fund does not have any discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Underlying Fund, and a fall in the value of the Fund.

The composition of the Index may change and stocks currently comprising the Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Index. Such changes in the composition of the Index are beyond the control of the Manager.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in the Hong Kong listed securities (including H-shares and red chip shares) of a particular sector or group of sectors, the investments of the Underlying Fund may be similarly concentrated. The performance of the Underlying Fund could depend substantially on the performance of such market/sector(s), and the Underlying Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

In addition, in seeking to reflect the weightings of constituent stocks of the Index, investments of the Underlying Fund may be concentrated in a single or several constituent stocks. Investors should also note that the performance of the Index and the Underlying Fund may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index. As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to the risk mentioned herein.

General Risks of Investments associated with the PRC

Investing in mainland China, an emerging market, involves special considerations and risks. Investors should be aware that the economy of the mainland China differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in mainland China is not well developed when compared with those of developed countries. There could also be greater price volatility, different accounting, disclosure and reporting requirements and economic, social and political instability etc.

Index Related Risk

In the event that the Index ceases to be operated or is not available, the Manager will, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive document of the Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. The SFC reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered to be acceptable to the SFC.

Risks associated with distribution out of capital

For Income Units*, the Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units* of the Fund.

Investment Restrictions

For so long as the Fund invests solely in the Underlying Fund, the Fund is subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Where the Fund is changed to a direct investment fund, the Fund will be subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Where the Fund is changed to a direct investment fund, the Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

* The Income Units are no longer marketed to the public of Hong Kong starting from 31 December 2014.

Appendix 1

The following paragraphs are extracted and derived from the Hong Kong Offering Document of the Hang Seng FTSE China 50 Index ETF that can be downloaded from the web site www.hangseng.com/etf. They are provided for information only and should be read in conjunction with the full text of the aforesaid Hong Kong Offering Document.

The Hang Seng FTSE China 50 Index ETF (the "HS FCI50 ETF")

The HS FCI50 ETF is a sub-fund of the Hang Seng Investment Index Funds Series III (the "ETF Series"). The ETF Series is an unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 1 June 2005 between Hang Seng Investment Management Limited as the manager and HSBC Provident Fund Trustee (Hong Kong) Limited as the trustee. The ETF Series and its first sub-fund, the HS FCI50 ETF, have been authorised by the SFC and listed on the SEHK. Units of the HS FCI50 ETF can be traded in such a way as other shares listed on the SEHK. The SFC and the SEHK take no responsibility for the financial soundness of the ETF Series or the HS FCI50 ETF, and the approval of listing by the SEHK does not imply official recommendation of investment in the ETF Series or in the HS FCI50 ETF. SFC authorisation is not a recommendation or endorsement of the ETF Series or the HS FCI50 ETF nor does it guarantee the commercial merits of the ETF Series or the HS FCI50 ETF or the performance of the ETF Series or the HS FCI50 ETF. It does not mean the ETF Series or the HS FCI50 ETF is suitable for all investors nor is it an endorsement of the suitability of the ETF Series or the HS FCI50 ETF for any particular investor or class of investors.

Similar to the investment objective of the Fund, HS FCI50 ETF seeks to provide investment returns that match as closely as practicable, before expenses, the performance of the FTSE China 50 Index (the "Index").

The manager of the HS FCI50 ETF will primarily adopt a replication strategy. In order to maximise portfolio management efficiency, minimise transaction costs and tracking error, exposure to the Index may also be obtained through other index-tracking strategies or financial instruments from which the return to the HS FCI50 ETF will substantially reflect the performance of the Index. Such strategies and instruments will be chosen based on their correlation to the Index and cost efficiency in order to reflect the characteristics of the Index. The manager of the HS FCI50 ETF may decide to utilise a representative sampling strategy or another investment strategy from time to time to achieve the HS FCI50 ETF's investment objective.

The manager of the HS FCI50 ETF and the Index compiler, FTSE International Limited are independent of each other.

Investors should note the various risks relating to the Fund's investment in the HS FCI50 ETF which include the following:-

- Net Asset Value and Price Fluctuations
- Correlation to the Index
- Trading and Listing Issues
- Stock Market Volatility
- Securities lending
- Short selling
- Issuer-Specific Changes
- Market Makers
- Risk of Termination of the HS FCI50 ETF
- Risks associated with distribution out of capital or effectively out of capital
- General risks of investments associated with mainland China

Investors should refer to the section headed "What are the Risks of Investing in the HS FCI50 ETF?" in the Hong Kong Offering Document of the HS FCI50 ETF for details of the risks involved.

The manager of the HS FCI50 ETF does not have any discretion to take defensive positions where the market declines. Hence, any fall in the Index will result in a fall in the value of the HS FCI50 ETF.

If the Index is discontinued or the licence of the manager of the HS FCI50 ETF from FTSE is terminated, the manager of the HS FCI50 ETF may, in consultation with the trustee of the HS FCI50 ETF, seek the relevant regulators' prior approval to replace the Index with an index that is tradable and has similar objectives to the Index. For the avoidance of doubt, the index-tracking element of the HS FCI50 ETF's investment objective would remain unchanged. The SFC reserves the right to withdraw the authorisation of the HS FCI50 ETF if the Index is no longer considered to be acceptable to the SFC.

Investors should also note that the performance of the Index and the HS FCI50 ETF may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

Appendix 2

FTSE China 50 Index (the "Index")

The Index is designed to represent the performance of the largest companies in the China equity market that are available to international investors.

The Index consists of 50 largest and most liquid Chinese stocks (the types of shares eligible for inclusion in the Index include H Shares, Red Chip Shares and P Chip Shares) listed and traded on SEHK. As at 3 March 2015, the weighting of H Shares, Red Chip Shares and P Chip Shares in the Index was 64.53, 22.53 and 12.94 respectively. Each stock comprising the Index is also a constituent stock of the FTSE All-World Index.

The 50 constituent stocks of the Index are grouped under sectors of Financials, Oil & Gas, Telecommunications, Technology, Consumer Goods, Industrials, Basic Materials and Utilities.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Index were as follows:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd. - P Chip	9.86
941	China Mobile Ltd. - Red Chip	8.64
939	China Construction Bank Corporation - H Share	7.54
1398	Industrial and Commercial Bank of China Ltd. - H Share	6.80
3988	Bank of China Ltd. - H Share	5.87
2628	China Life Insurance Co. Ltd - H Share	4.96
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	4.51
857	Petrochina Co. Ltd. - H Share	4.03
883	CNOOC Ltd. - Red Chip	3.94
386	China Petroleum & Chemical Corporation - H Share	3.70

The Index is updated on an intra-second streaming basis during trading hours of the SEHK and its closing value is based on official closing prices of the constituent stocks of the Index as announced by the SEHK. The constituent stocks of the Index are weighted based on investable market capitalisation of such stocks, so that those stocks with higher investable market capitalisation generally have a higher representation in the Index.

Reuters real-time spot currency rates are used in the intra-day Index calculation and the WM/Reuters Closing Spot Rates™ are used to calculate the closing value.

The Index is calculated using the algorithm described below:

$$\sum_{i=1}^N \frac{(p_i \times e_i \times s_i \times f_i \times c_i)}{d}$$

Where,

- $i=1,2,\dots,N$
- N is the number of constituent stocks in the Index.
- p_i is the latest trade price of the constituent stock (or the price of the constituent stock at the close of the Index on the previous day).
- e_i is the exchange rate required to convert the constituent stock's currency into the Index's base currency.
- s_i is the number of shares in issue used by FTSE for the constituent stock, as defined in the Index Ground Rules.
- f_i is the Investability Weighting Factor to be applied to a constituent stock to allow amendments to its weighting, expressed as a number between 0 and 1, where 1 represents a 100% free float. This factor is published by FTSE for each constituent stock in the Index.
- c_i is the Capping Factor to be applied to a constituent stock to correctly weight that constituent stock in the Index. This factor maps the investable market capitalisation of each constituent stock to a notional market capitalisation for inclusion in the Index.
- d is the divisor, a figure that represents the total issued share capital of the Index at the base date. The divisor can be adjusted to allow changes in the issued share capital of individual constituent stocks to be made without distorting the Index.

Investors may obtain the latest price information of the Index from Thomson Reuters or Bloomberg. Further information on the Index, Index methodology and the Ground Rules are available from the website of FTSE at www.ftse.com.

Please note:

- The list of the constituent stocks of the Index is reviewed on a quarterly basis. The composition of the Index may change and be substituted with other companies if any of the constituent stocks of the Index were to delist its shares.
- The accuracy and completeness of the calculation of the Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- In relation to the licence regarding the use of the Index in connection with HS FCI50 ETF and/or the Fund, the Manager has agreed to indemnify FTSE against all losses, costs, damages and expenses (including reasonable legal expenses) incurred by FTSE arising out of any claim, action or proceeding which relates to the HS FCI50 ETF and/or the Fund, the trading of the HS FCI50 ETF and/or the Fund by the Manager or the promotion, marketing and/or sale of the HS FCI50 ETF and/or the Fund by the Manager and/or its agent, except as a result of FTSE's gross negligence or wilful misconduct in calculating and/or disseminating the Index.
- The process and basis of computation and compilation of the Index and any of the related formula or formulae, the constituent stocks of the Index and factors may at any time be changed or altered by FTSE without further notice by the HS FCI50 ETF to investors.
- No separate notice will be issued by the HS FCI50 ETF in respect of any event relating to the

affairs of any of the constituent stocks of the Index including but not limited to any price sensitive information disclosed by the issuer of any individual constituent stocks of the Index and, any announcement regarding any suspension of a constituent stock of the Index from trading on the SEHK. It is your own responsibility to check the latest updated information on the individual constituent stocks of the Index from SEHK's website at www.hkex.com.hk or by checking the official websites of the individual constituent stocks of the Index.

- The Manager and its connected persons are independent of the Index provider, FTSE International Limited.

Index Disclaimer

The Hang Seng FTSE China 50 Index ETF ("HS FCI50 ETF") and the Fund are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or the London Stock Exchange Group companies ("LSEG") (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE China 50 Index (the "Index") (upon which the HS FCI50 ETF and the Fund are based), (ii) the figure at which the Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Index for the purpose to which it is being put in connection with the HS FCI50 ETF and the Fund. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Index to Hang Seng Investment Management Limited or to its clients. The Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Index or (b) under any obligation to advise any person of any error therein.

All rights in the Index vest in FTSE. "FTSE®" is a trade mark of LSEG and is used by FTSE under licence.

Index Fund Series / Mainland China/Hong Kong Fund Series

HANG SENG CHINA H-SHARE INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Important

The Manager does not knowingly allow this Fund to be used to perpetrate any market timing and/or active trading practice as such practices may adversely affect the interests of Unitholders of the Fund. Investors are reminded that the Manager has an absolute discretion to reject in whole or in part any application for subscription of Units of the Fund which the Manager reasonably suspects to be associated with market timing and/or active trading practices, without disclosing the reason for the relevant suspicion. Investors should refer to the sub-section headed "Measures against Market Timing and/or Active Trading" under the section headed "ISSUE OF UNITS" in the Explanatory Memorandum for details.

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

Investment Objective and Policies

The investment objective of the Hang Seng China H-Share Index Fund (the "Fund") is to match as closely as practicable the performance of the Hang Seng China Enterprises Index (the "Index") for each of the morning and the afternoon trading sessions of The Stock Exchange of Hong Kong Limited (the "SEHK") through investing solely in another index-tracking fund (the "Underlying Fund") authorized by the SFC with a substantially similar investment objective as that of the Fund. Currently, the Manager has selected the Hang Seng H-Share Index ETF as the Underlying Fund. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Index for each trading session of the SEHK and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendices 1 and 2 for detailed information on the Underlying Fund and the Index respectively.

Change of Underlying Fund

In future, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to the relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;

- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

In future, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Change from direct investment fund to feeder fund

Subsequent to the Fund having been changed to a direct investment fund, the Manager may elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund.

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Distribution Policy

Both Income Units* and Accumulation Units are available for issue.

*Income Units**

Income Units* are Units that distribute income.

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on an annual basis (i.e. December in each year). Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to

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

relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units^{*} of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangseng.com/fundsupermart.

Accumulation Units

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Different classes of Units, namely Class A Units and Class I Units are available for issue on each Dealing Day, which are subject to different levels of fees and charges, as set out in this Term Sheet. Class A Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor. There are two dealing sessions ("Dealing Sessions"), one in the morning (the "Morning Dealing Session") and one in the afternoon (the "Afternoon Dealing Session") respectively on each Dealing Day.

Both Income Units^{*} and Accumulation Units are issued for each Class of Units. Four designations of Units are available within the Fund:-

Income Units [*] (Class A)	Accumulation Units (Class A)
Income Units [*] (Class I)	Accumulation Units (Class I)

References to a particular Class of Units shall mean both Income Units^{*} and Accumulation Units designated for that Class.

For each Dealing Day, there are 2 cut-off times for receipt of applications for subscription by the Manager, being the official closing time of SEHK for the morning trading session which currently is 12:00 noon (Hong Kong time) (the "Morning Cut-off Time") and the official closing time of SEHK for the afternoon trading session which currently is 4:00 p.m. (Hong Kong time) (the "Afternoon Cut-off Time"). Each of the Morning Cut-off Time and the Afternoon Cut-off Time as applicable to subscription applications is also referred to as a "Dealing Cut-off Time" which may, as determined by the Manager with prior agreement of the Trustee, be postponed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Session.

In respect of all subscription applications received before the Morning Cut-off Time, the relevant Units will be issued based on the issue price for the Morning Dealing Session and in respect of all subscription applications received after the Morning Cut-off Time but before the Afternoon Cut-off Time on a Dealing Day, the relevant Units will be issued based on the issue price for the Afternoon Dealing Session.

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

All subscription applications received after the relevant Dealing Cut-off Time (the Morning Cut-off Time or the Afternoon Cut-off Time, as the case may be) will be treated as received in the next Dealing Session and dealt with accordingly. However, where any subscription application from an Authorised Distributor is received by the Manager after the relevant Dealing Cut-off Time due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the relevant Units; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Cut-off Time; and 4) the relevant application was received by the Authorised Distributor before the relevant Dealing Cut-off Time, the Manager shall have the discretion to determine whether to treat such late application as an application received before that Dealing Cut-off Time.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units and up to 2.0% of the issue price of Class I Units on the issue of such Units.

Redemption and Switching of Units

For each Dealing Day, there are 2 cut-off times for receipt of applications for redemption by the Manager, being the Morning Cut-off Time and the Afternoon Cut-off Time. However, a redemption application can only be made in respect of Units which have already been registered against the name of the applicant in the register of Unitholders. As such, investors should note in particular that Units subscribed in the Morning Dealing Session are not available for redemption in the Afternoon Dealing Session of the same Dealing Day as such Units have not yet been registered against the name of the applicant in the register of Unitholders. Each of the Dealing Cut-off Time as applicable to redemption applications may, as determined by the Manager with prior agreement of the Trustee, be postponed to such other time prior to the calculation of the Net Asset Value of the relevant Units for the relevant Dealing Session.

In respect of all redemption applications received before the Morning Cut-off Time, the relevant Units will be redeemed based on the redemption price for the Morning Dealing Session and in respect of all redemption applications received after the Morning Cut-off Time but before the Afternoon Cut-off Time on a Dealing Day, the relevant Units will be redeemed based on the redemption price for the Afternoon Dealing Session.

Investors should note that for each Dealing Day, there is only one cut-off time for receipt of all applications for switching into or out of Class A and/or Class I Units of the Fund which shall be the Afternoon Cut-off Time for that day if it is a full trading day of the SEHK, or if the SEHK is not open for normal trading in the afternoon on that day, it shall be the Afternoon Cut-off Time for the next Dealing Day, or such other time prior to the calculation of the Net Asset Value of the relevant Units as the Manager may determine and agree with the Trustee.

All redemption applications received after the relevant Dealing Cut-off Time (the Morning Cut-off Time or the Afternoon Cut-off Time, as the case may be) will be treated as received in the next Dealing Session and dealt with accordingly. All switching applications received after the relevant Afternoon Cut-off Time will be treated as received before the next Afternoon Cut-off Time and dealt with accordingly. However, where any redemption and/or switching application from an Authorised Distributor is received by the Manager after the relevant Dealing Cut-off Time due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other

disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the relevant Units; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Cut-off Time; and 4) the relevant application was received by the Authorised Distributor before the relevant Dealing Cut-off time, the Manager shall have the discretion to determine whether to treat such late application as an application received before the relevant Dealing Cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units and Class I Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units as on the day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in the Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

Restrictions on Redemption

With reference to the provision in the sub-section headed “Restrictions on Redemption” under the section headed “REDEMPTION OF UNITS” in the Explanatory Memorandum of the Hang Seng Investment Series, the Manager is entitled at its discretion and with the approval of the Trustee to limit the number of Units redeemed in respect of any Dealing Session (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the total value of the relevant class of Units then in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units in respect of that Dealing Session will redeem the same proportion by value of such Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, to the next Dealing Session. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹ and the management fee and trustee fee of the Underlying Fund:-

		The Fund (as a percentage per annum on the Net Asset Value of the Fund)	The Underlying Fund (as a percentage per annum on the net asset value of the Underlying Fund)	Aggregate Fees (Maximum) (as a percentage per annum on the Net Asset Value of the Fund)
Management Fee	Class A	Up to 1.0% (currently waived)	0.55%	Up to 1.0% (currently 0.55%)
	Class I	Up to 0.7% (currently waived)	0.55%	Up to 0.7% (currently 0.55%)

Administration Fee	Class A	Not Applicable	Not Applicable	Not Applicable
	Class I			
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.1% in respect of Net Asset Value up to HK\$300,000,000; Up to 0.06% in respect of Net Asset Value for the next HK\$300,000,000; Up to 0.03% in respect of Net Asset Value in excess of HK\$600,000,000	0.05%	Up to 0.25%
	Class I			

Notes:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund accrues on each Dealing Day and is calculated once only during the valuation of the Fund undertaken after the Afternoon Cut-off Time and is payable monthly in arrears. No such fee calculation will be performed during the valuation of the Fund undertaken after the Morning Cut-off Time.

The Fund will bear indirectly a proportionate share of the fees payable to the manager and the trustee of the Underlying Fund and other fees, charges and expenses payable by the Underlying Fund which will be reflected in the net asset value per unit of the Underlying Fund, which is the value at which the Fund will subscribe for units in the Underlying Fund.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons but the Fund will bear any such charges levied on investment in other collective investment scheme.

The following fees will be disclosed in the annual financial reports for the Fund:-

- For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) and the maximum aggregate trustee fees payable to the Trustee and the trustee of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) during the reporting financial period expressed as a percentage per annum of the Net Asset Value of the Fund;
- where the Fund is changed to a direct investment fund, the management fee paid to the Manager (inclusive of any sub-advisor's fee, if applicable) and the trustee fee paid to the Trustee.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various

risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks relating to the fund structure

As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to such risks to which the Underlying Fund is subject as mentioned in Appendix 1, including the following:-

General

As the Underlying Fund is listed and traded on the SEHK, general investors can directly buy or sell units of the Underlying Fund through a stockbroker or a bank. Investors should note the differences between the Fund and the Underlying Fund, including the differences in respect of fees and charges, trading channel, dealing frequency and dealing price determination and decide whether they shall invest in the Fund or invest in the Underlying Fund directly.

Tracking Error Risk

There can be no assurance that the performance of the Underlying Fund (and hence the Fund) will be identical to the performance of the Index for each trading session of the SEHK due to circumstances such as the fees and expenses borne by the Fund and the Underlying Fund, imperfect correlation between the Underlying Fund's securities and those in the Index, timing differences associated with portfolio re-balancing by the Underlying Fund as against a change in the constituent stocks of the Index. The assets of the Underlying Fund may not be fully invested in the constituent stocks of the Index at all times. Use of sampling techniques or futures or other derivative positions may affect the Underlying Fund's ability to maintain a high level of correlation with the Index for each trading session of the SEHK.

Passive Investment Risk

The Underlying Fund is passively managed. The manager of the Underlying Fund does not have any discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Underlying Fund, and a fall in the value of the Fund.

The composition of the Index may change and stocks currently comprising the Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Index.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in H-shares of a particular sector or group of sector(s), the investments of the Underlying Fund may be similarly concentrated. The performance of the Underlying Fund could depend substantially on the performance of such market/sector(s), and the Underlying Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

In addition, in seeking to reflect the weightings of constituent stocks of the Index, investments of the Underlying Fund may be concentrated in a single or several constituent stocks. Investors should also note that the performance of the Index and the Underlying Fund may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index. As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to the risk mentioned herein.

General Risks of Investments associated with the PRC

Investing in mainland China, an emerging market, involves special considerations and risks. Investors should be aware that the economy of the mainland China differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the mainland China is not well developed when compared with those of developed countries. There could also be greater price volatility, different accounting, disclosure and reporting requirements and economic, social and political instability, etc.

Risk associated with Two Dealing Sessions

In order to track the performance of the Index for each trading session of the SEHK on each Dealing Day, the Fund may need to make investments more frequently on any Dealing Day than the case for a fund which only tracks the performance of the Index on each Dealing Day. The Fund may have to bear relatively higher transaction costs for investments and the performance of the Fund may be adversely affected.

On any Dealing Day, the Net Asset Value of the relevant class of Units for the Morning Dealing Session may be higher or lower than that for the Afternoon Dealing Session. Investors should note that investors who subscribe for or redeem Units before the Morning Cut-off Time may need to pay/receive a higher or lower price than they need to pay for/receive from the same number of Units subscribed for or redeemed before the Afternoon Cut-off Time.

Index Related Risk

In the event that the Index ceases to be operated or is not available, the Manager will, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive document of the Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. The SFC reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered to be acceptable to the SFC;

Conflicts of Interest Risk

Investors should note that the Trustee, the Manager, the Index provider (i.e. Hang Seng Indexes Company Limited) and the Index proprietor (i.e. Hang Seng Data Services Limited) are all members of the same financial group (i.e. the HSBC Group). Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders of the Fund are treated fairly.

Although separate legal entities and operationally independent, each of the Trustee, the Manager, the Index provider and the Index proprietor are presently part of the same financial group. Whilst each of these entities is regulated to engage in its activities and in the provision of services in respect of the Fund, in the event of a financial catastrophe or the insolvency of any member of the HSBC Group, there may be adverse implications for the business of the HSBC Group as a whole or other members of the HSBC Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation may be disrupted.

Risks associated with distribution out of capital

For Income Units*, the Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units* of the Fund.

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

Investment Restrictions

For so long as the Fund invests solely in the Underlying Fund, the Fund is subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Where the Fund is changed to a direct investment fund, the Fund will be subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Where the Fund is changed to a direct investment fund, the Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund will be calculated twice in respect of each Dealing Day as at such time after each of the Morning Cut-off Time and the Afternoon Cut-off Time respectively but before the next relevant Dealing Cut-off Time. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Publication of Prices

The Net Asset Value for each class of Units in respect of each Dealing Session on a Dealing Day will be published on the next Business Day in the Hong Kong Economic Times and The Standard and will be available from the Manager on request.

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The following paragraphs are extracted and derived from the Hong Kong Offering Document of the Hang Seng H-Share Index ETF that can be downloaded from the web site www.hangseng.com/etf. They are provided for information only and should be read in conjunction with the full text of the aforesaid Hong Kong Offering Document.

The Hang Seng H-Share Index ETF (the “H-Share ETF”)

The H-Share ETF is a sub-fund of the Hang Seng Investment Index Funds Series (the “ETF Series”). The ETF Series is an unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 18 November 2003 between Hang Seng Investment Management Limited as the manager, HSBC Provident Fund Trustee (Hong Kong) Limited as the trustee and Hang Seng Data Services Limited. The ETF Series and its first sub-fund, the H-Share ETF, have been authorised by the SFC and listed on the SEHK. Units of the H-Share ETF can be traded in such a way as other shares listed on the SEHK. The SFC and the SEHK take no responsibility for the financial soundness of the ETF Series or the H-Share ETF, and the approval of listing by the SEHK does not imply official recommendation of an investment in the ETF Series or in the H-Share ETF. SFC authorisation is not a recommendation or endorsement of the ETF Series or the H-Share ETF nor does it guarantee the commercial merits of the ETF Series or the H-Share ETF or the performance of the ETF Series or the H-Share ETF. It does not mean the ETF Series or the H-Share ETF is suitable for all investors nor is it an endorsement of the suitability of the ETF Series or the H-Share ETF for any particular investor or class of investors.

Similar to the investment objective of the Fund, H-Share ETF seeks to provide investment returns that match as closely as practicable, before expenses, the performance of the Hang Seng China Enterprises Index (“Index”).

The manager of the H-Share ETF will primarily adopt a replication strategy. In order to maximise portfolio management efficiency, minimise transaction costs and tracking error, exposure to the Index may also be obtained through other index-tracking strategies or financial instruments from which the return to the ETF will substantially reflect the performance of the Index. Such strategies and instruments will be chosen based on their correlation to the Index and cost efficiency in order to reflect the characteristics of the Index. The manager of the H-Share ETF may decide to utilise a representative sampling strategy or another investment strategy from time to time to achieve the H-Share ETF’s investment objective.

Investors should note the various risks relating to the Fund’s investment in the H-Share ETF which include the following:-

- Net Asset Value and Price Fluctuations
- Correlation to H-Share Index
- Trading and Listing Issues
- Stock Market Volatility
- Securities Lending
- Short Selling
- Issuer-Specific Changes
- Market Makers
- Risk of Termination of the H-Share ETF
- Risks associated with distribution out of capital or effectively out of capital
- General Risks of Investments associated with the Mainland

Investors should refer to the section headed “What are the Risks of Investing in the H-Share ETF?” in the Hong Kong Offering Document of the H-Share ETF for details of the risks involved.

The manager of the H-Share ETF does not have any discretion to take defensive positions where the Hong Kong stock market declines. Hence, any fall in the Index will result in a fall in the value of the

H-Share ETF.

If the Index is discontinued or the licence of the manager of the H-Share ETF from the Index proprietor, Hang Seng Data Services Limited and the Index provider, Hang Seng Indexes Company Limited is terminated, the manager of the H-Share ETF may, in consultation with the trustee of the H-Share ETF, seek the relevant regulators' prior approval to replace the Index with an index that is tradable and has similar objectives to the Index. For the avoidance of doubt, the index-tracking element of the H-Share ETF's investment objective would remain unchanged. The SFC reserves the right to withdraw the authorisation of the H-Share ETF if the Index is no longer considered to be acceptable to the SFC.

Investors should also note that the performance of the Index and the H-Share ETF may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

The manager of the H-Share ETF, the Index provider, Hang Seng Indexes Company Limited ("HSIL") and the Index proprietor, Hang Seng Data Services Limited all are members of the HSBC Group. Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the manager of the H-Share ETF will in its best effort ensure that Unitholders are treated fairly.

Appendix 2

The Hang Seng China Enterprises Index (the "Index")

The Index, launched on 8 August 1994, comprises all H-share companies that have their primary listing on the Main Board of the SEHK. The Index is calculated with a base value of 2000 as of 3 January 2000. It 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 the constituent stocks in the Index announced by the SEHK.

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

In order to be included in the Index, a stock should be listed for at least one month by the review cut-off date and pass the 0.1% turnover velocity minimum requirement. Turnover velocity in each of the past 12 months is calculated for each stock based on 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:

$$\begin{array}{l} \text{Combined Market} \\ \text{Capitalisation} \\ \text{Ranking} \end{array} = \begin{array}{l} 50\% \text{ of Full Market Capitalisation} \\ + 50\% \text{ of Freefloat-adjusted Market Capitalisation} \end{array}$$

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.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
939	China Construction Bank Corporation - H Share	9.88
3988	Bank of China Ltd. - H Share	9.85
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.74
2628	China Life Insurance Co. Ltd. - H Share	8.36
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	7.76
857	PetroChina Co. Ltd. - H Share	6.48
386	China Petroleum & Chemical Corporation - H Share	5.75
1288	Agricultural Bank of China Ltd. - H Share	3.27
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	3.06
3968	China Merchants Bank Co. Ltd. - H Share	2.81

Real-time update of the Index can be obtained through Thomson Reuters, Bloomberg and the website of HSIL at: <http://www.hsi.com.hk/>. The Index methodology and other important news relating to the Index are available at the HSIL website, <http://www.hsi.com.hk/>.

Please note:

- The list of constituent stocks which comprise the Index is reviewed by HSIL on a quarterly basis. The composition of the Index may change and its constituent companies may be substituted with other companies as determined by HSIL.
- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify HSIL and Hang Seng Data Services Limited (the "HSDS") against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future Unitholder or investor) as a result of any act or omission of HSIL and HSDS in respect of or in connection with the trading in the Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in cases of their wilful misconduct, bad faith or dishonesty). The Manager will also indemnify HSIL and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the license agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the Fund's assets in respect of any claims made against it including those in relation to the license agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Fund.

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Index Fund Series / Mainland China/Hong Kong Fund Series

HANG SENG CHINA 50 INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Important: No offer or invitation to subscribe for Units in the Fund may be made to, and no Units in the Fund may be held by or transferred to, persons resided or domiciled in mainland China.

Investment Objective and Policies

The investment objective of the Hang Seng China 50 Index Fund (the "Fund") is to match as closely as practicable the performance of the Hang Seng China 50 Index (the "Index") through investing primarily in the constituent stocks of the Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Index particularly on the day-to-day basis and should refer to the "Risk Factors" section below for further details.**

The coverage of the Index includes mainland China-listed A-shares and B-shares, Hong Kong-listed H-shares, red chip shares and shares of other Hong Kong-listed PRC companies. Please refer to the Appendix for detailed information and disclaimer on the Index.

The Manager will primarily adopt the full replication strategy by which the assets of the Fund will comprise the constituent stocks with reference to their respective weightings in the Index. In order to maximise portfolio management efficiency, minimise transaction cost and tracking error, exposure to the Index may also be obtained through other index-tracking strategies (such as sampling strategies) or financial instruments (such as futures contracts) from which the return to the Fund will substantially reflect the performance of the Index. Such strategies and instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index.

In relation to the investment in mainland China-listed A-shares, the Fund will invest through a Qualified Foreign Institutional Investor.

Qualified Foreign Institutional Investor ("QFII")

Under the prevailing laws, regulations and relevant administration requirements in the PRC, foreign investors may invest in mainland China's securities market through certain qualified foreign institutions that have been approved by the China Securities Regulatory Commission ("CSRC") as a QFII and have been granted foreign exchange quotas by the State Administration of Foreign Exchange ("SAFE") to remit foreign freely convertible currencies as permitted by SAFE to mainland China and convert into Renminbi for the purpose of investing in mainland China's securities market. Currently, the Manager intends to make the relevant investments in A-shares via Hang Seng Bank Limited (being the Manager's direct holding company and having its registered office at 83 Des Voeux Road Central, Hong Kong) using its QFII quota. As of the date of this document, Hang Seng Bank Limited is a QFII and its QFII custodian is China Construction Bank Corporation, which is one of the largest banks in mainland China. There is no delegation of the QFII custodian's functions to its associates within its group or to any other person(s). Subject to the relevant regulatory provisions, Hang Seng Bank Limited may change its QFII custodian from time to time and 1 month's prior notice will be given to the relevant Unitholders.

Distribution Policy

It is proposed not to make distributions in respects of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue.

Units are available for issue on each Dealing Day. A Dealing Day is any day on which each of the stock exchanges on which the constituent stocks of the Index are listed is open for full day trading during its regular trading sessions. Currently, such stock exchanges mean the Shanghai Stock Exchange, Shenzhen Stock Exchange and The Stock Exchange of Hong Kong Limited. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 12:30 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due on that Dealing Day unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units on the issue of such Units.

The Manager has an absolute discretion to reject in whole or in part any application for Units of the Fund.

In the event that the Manager exercises such discretion, application moneys will be returned to the applicant(s) without interest by cheque through post at the risk of the person(s) entitled thereto or by telegraphic transfer at the discretion of the Manager and at the expense of the applicant(s) within ten Business Days after the exercise of such discretion.

Redemption and Switching of Units

For redemption request to be dealt with on a Dealing Day, a request for redemption of Units must be received by the Manager prior to 12:30 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

The cut-off time for receipt of applications for switching into Units of the Fund is 12:30 p.m. (Hong Kong time) on each Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee. As such switching will only be effected upon receipt of cleared funds for the account of the Fund, such requests for switching into Units of the Fund will be dealt with on the Dealing Day when the switching

proceeds from the original fund are received by the Manager prior to 12:30 p.m. (Hong Kong time) on that Dealing Day (normally, the switching proceeds from the original fund would be received by the Manager two Business Days after the Dealing Day on which the applications are accepted), or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Trustee Fee and QFII Account Custody Fee

The table below sets out the Management Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund, as well as the QFII Account Custody Fee:-

Management Fee	Up to 1.0%
Trustee Fee	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$200,000,000 Up to 0.10% in respect of Net Asset Value in excess of HK\$200,000,000 Subject to a minimum monthly fee of up to HK\$35,000 per month
QFII Account Custody Fee	0.25% of the Fund's assets in the account held with the selected QFII as at month-end (excluding transaction fees)

Note(s):

- Each of the above Management Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to

the relevant risks mentioned in the “RISK FACTORS” section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund’s underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the risk of substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with an index fund

Tracking Error Risk

Whilst the investment objective of the Fund is to match as closely as practicable the performance of the Index, **there can be no assurance that the performance of the Fund will be identical to the performance of the Index.** In particular:-

- the Fund will bear all fees, costs and expenses in relation to the Fund, including but not limited to costs of investing and realising the investments of the Fund, the fees and expenses of custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, printing and postage costs for the explanatory memorandum, reports, all notices and communication for the Fund, all these fees, costs and expenses will affect the performance of the Fund relative to the Index;
- in order to track the Index, the Manager will need to buy and sell constituent stocks of the Index on a daily basis. The time differences associated with portfolio re-balancing and the price at which the constituent stocks in the Index is acquired or disposed by the Fund will be affected by the market condition at the time of acquisition or disposal;
- in order to maximise portfolio management efficiency, the Manager may in addition to the full replication strategy apply other index-tracking strategies (such as sampling strategies) or use other financial derivative instruments (such as futures contracts) to obtain exposure to the Index for the Fund, which may themselves not necessarily reflect the performance of the Index entirely. Nevertheless, the Manager will endeavour to minimise the potential deviation of performance of the Fund against the Index and cost in relation to the use of such strategies or instruments;
- whilst the Manager will seek to minimise any deviations in the Fund's holdings of constituent stocks against their weightings in the Index, there can be no guarantee that at the end of each Dealing Day the Fund's holdings of constituent stocks will match their weightings in the Index.

Passive Investment Risk

The Manager does not have any discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Fund.

The composition of the Index may change and stocks currently comprising the Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Index. Such changes in the composition of the Index are beyond the control of the Manager.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in securities of companies which engage in China-related businesses and in securities of a particular sector or group of sectors, the investments of the Fund may be similarly concentrated. The performance of the Fund could depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

In addition, in seeking to reflect the weightings of constituent stocks of the Index, investments of the Fund may be concentrated in a single constituent stock or several constituent stocks. Investors should also note that the performance of the Index and the Fund may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

Index Related Risk

In the event that the Index ceases to be operated or is not available, the Manager will, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive document of the Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. The SFC reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered to be acceptable to the SFC.

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in the mainland China-listed A-shares and B-shares, Hong Kong-listed H-shares, red chip shares and shares of other Hong Kong-listed PRC companies, the Fund is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalization or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasize decentralization and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

Custody Risk

Custodians may not be able to offer the same level of service such as safe-keeping, settlement and administration of securities that is customary in more developed markets or countries.

As the Fund invests in mainland China through a QFII, the funds of the Fund used for investment in mainland China must be held by the custodian of such QFII. There is a risk that the Fund may suffer losses, whether direct or consequential, from the default or bankruptcy of the QFII custodian or disqualification of the QFII custodian from acting as a custodian. The Fund may also suffer losses due to the acts or omissions of the QFII custodian in the execution or settlement of any transaction or in the transfer of any funds or securities.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorised by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can

be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Risk regarding repatriation of funds

Under the relevant PRC law, regulations or measures, there are restrictions on QFIIs regarding the repatriation of the relevant investment capital out of the PRC. Thus, the Fund which makes investments in the PRC through a QFII will be subject to all risks associated therewith.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

Risks associated with investment made through a QFII

Investors should note that the Fund itself is not a QFII but the Fund may invest in mainland China securities market through the selected QFII using its QFII quota. Such investment is subject to various requirements and restrictions (including restrictions on investments and repatriation of principal and profits in relation to the QFII's investments in A-shares) under PRC laws, rules and regulations, as amended from time to time, including but not limited to the following relating to the QFII:

- (i) Measures for Administration of Domestic Securities Investments by Qualified Foreign Institutional Investors (QFII), jointly issued by the CSRC, PBOC and SAFE on 24 August 2006 (the "Measures") and Provisions on Relevant Issues Concerning the Implementation of Measures for Administration of Domestic Securities Investments by Qualified Foreign Institutional Investors (QFII) issued by the CSRC on 27 July 2012;
- (ii) Regulations on Foreign Exchange Administration of Domestic Securities Investments by Qualified Foreign Institutional Investors (QFII) (Decree [2009] No. 1) issued by the SAFE on 29 September 2009, as modified by Decree [2012] No. 2 issued by the SAFE on 7 December 2012;
- (iii) the Implementation Details on the Registration and Settlement Related Business of Domestic Securities Investments of Qualified Foreign Institutional Investors (QFII) issued by China Securities Depository and Clearing Corporation Limited on 1 December 2002, as modified on 16 February 2013; and
- (iv) the Detailed Implementation Rules of the Shenzhen Stock Exchange for the Securities Trading of Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors issued on 25 April 2014 and the Notice of the Shanghai Stock Exchange on Issuing the Detailed Implementation Rules of the Shanghai Stock Exchange for the Securities Trading of Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors issued on 19 March 2014 (collectively "Detailed Implementing Rules on Securities Transactions").

Such requirements and restrictions restrict the ability of the Fund to invest in A-shares as prescribed by the relevant QFII rules and regulations or to fully implement or pursue the investment objective and strategy of the Fund.

The Measures has expressly abolished the Provisional Measures for Administration of Investment in Domestic Securities by Qualified Foreign Institutional Investors jointly issued by the CSRC and PBOC on 5 November 2002 (the "Provisional Measures"). However, the Provisional Measures is the basis for enacting the rules and provisions listed in item (iii) and (iv) above. Up until now there is no clear stipulation that repeals those two provisions and rules, nor is there any substitute regulation coming into place. Given the repeal of the Provisional Measures, there is a high level of uncertainties in the force of such provisions and rules. Furthermore, if relevant new provisions and rules are promulgated, the above provisions and rules may change in full or in part. Such change may have an impact on the Fund.

As the Fund will not have exclusive use of all the investment quota granted by SAFE to the selected QFII, there can be no assurance that the selected QFII will be able to allocate a sufficient portion of its investment quota to meet all applications for subscription of Units. PRC laws, rules and regulations governing a QFII may change from time to time and may change adversely; that may result in the applications for redemption of Units not being processed in a timely manner and suspension of dealings of the Fund. In extreme circumstances, the Fund may incur significant loss due to limited investment capabilities.

Risks regarding custody of monies of the Fund held by the QFII custodian

The monies of the Fund used for investment in mainland China must be held by the QFII custodian, which has to be approved by the CSRC and SAFE as stated in the Measures. However, such approval does not imply any official recommendation of the QFII custodian or guarantee over its performance. There is a risk that the Fund may suffer losses, whether direct or consequential, from the default or bankruptcy of the QFII custodian or disqualification of the QFII custodian from acting as a custodian. The Fund may also incur losses due to the acts or omissions of the QFII custodian in the execution or settlement of any transaction or in the transfer of any monies or securities. If for any reason all or part of the Fund's assets held by the QFII custodian are lost or otherwise become unavailable for delivery or withdrawal, the reduction in the quantity or value of such assets will create losses to the Fund.

Risks regarding execution through QFII brokers

The relevant transactions in the mainland China securities markets will be executed by one or more QFII broker(s) which have seats on the relevant exchanges to trade in A-shares prescribed by the relevant QFII rules and regulations. The Fund may incur losses due to the acts or omissions of the QFII broker(s) in the execution or settlement of any transaction or in the transfer of any monies or securities. This may adversely affect the Fund. There is a risk that the Fund may suffer substantial losses from the default, bankruptcy or disqualification of the QFII broker(s).

When selecting QFII broker(s), the selected QFII will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the selected QFII considers appropriate, it is possible that a single QFII broker will be appointed for both the Shenzhen Stock Exchange and the Shanghai Stock Exchange and the Fund may not necessarily pay the lowest commission available in the market.

Risk of compulsory sale of investments in A-shares where relevant investment limits of the QFII is exceeded

Pursuant to the Measures, the investment of a QFII in A-shares shall be subject to the restrictions on the proportion of shareholdings imposed by the CSRC and other relevant requirements in mainland China. Such restrictions, which apply to the selected QFII as a whole, and the investment activities of other customers of the selected QFII, may restrict the selected QFII from making investments in the

relevant A-shares requested by the Fund and any investment exceeding the relevant limits may lead to the compulsory sale of the relevant A-shares (according to the Detailed Implementing Rules on Securities Transactions) purchased by the selected QFII for the Fund which may result in investment loss to the Fund. Moreover, the CSRC may make any adjustment to the proportion of shareholdings under such restrictions, which may also result in investment loss to the Fund.

Risk that the QFII status of the selected QFII is revoked and QFII quota reduced or cancelled

The status or approval of the selected QFII as a QFII may be revoked or terminated or otherwise invalidated at any time by reason of a change in applicable law, regulations, policy, practice or other circumstances, an act or omission of the selected QFII or for any other reasons. In such event, all the assets held by the selected QFII as a QFII for or on account of the Fund will be liquidated and repatriated to the Fund in accordance with applicable laws and regulations and the provisions of the agreement between the Fund and the selected QFII. The Fund may suffer loss as a result of such liquidation and repatriation.

If the selected QFII needs to apply for a new Securities Investment License due to the change of its name, merger or any other situations, the CSRC may, based on the prudent regulatory principle, suspend securities trading of such selected QFII and therefore may result in loss to the Fund.

In case of any material violation of law or misconduct in respect of the securities accounts under the name of the selected QFII (including those relating to the portion of the relevant QFII quota being used by customers of the selected QFII other than the Fund), the CSRC may restrict the trading of such securities accounts and the outward remittance of monies may be restricted by SAFE as a whole. Such restrictions may result in loss to the Fund.

Investors should note that pursuant to the PRC laws, rules and regulations governing a QFII, the size of QFII quota may be reduced or cancelled entirely by SAFE under any of the following circumstances: (i) a QFII commits an illegal act of using foreign exchange, such as transferring or selling its investment quota; (ii) a QFII provides false information or materials to the QFII custodian or SAFE; (iii) a QFII fails to carry out investment-related conversion, purchase or payment of foreign exchange in accordance with the applicable provisions; (iv) a QFII fails to provide relevant information or materials on its fund conversion or securities investments in mainland China as requested by SAFE; and (v) a QFII otherwise violates foreign exchange control provisions. In addition, as the value of the QFII quota is based on the initial capital remitted into the relevant account opened and maintained with the QFII custodian, redemption by Unitholders of the Fund which invests through such QFII quota might result in the QFII quota being reduced and accordingly, the QFII status of the selected QFII and the Fund may be affected.

Risks regarding remittance and repatriation of monies

Investors should note that the Fund's investments made through a QFII are subject to the then prevailing exchange control and other prevailing requirements of SAFE concerning repatriation and remittance of the principal investment as well as returns. Since transaction sizes for a QFII can be large, SAFE may, pursuant to the arrangement of PBOC and based on the economic and financial status, the supply and demand relations in the foreign exchange market and the balance of payments of mainland China at the relevant time, adjust the time and amount of inward and outward remittance of a QFII's investment principal as well as the period of outward remittance of monies.

The restrictions on outward remittance of monies may have an impact on the Fund's ability to meet the redemption requests of Unitholders; and such impact would increase when the investment of the Fund in mainland China A-shares market increases. In the event that redemption requests for a large number of Units are received, the Fund may need to limit the number of Units redeemed and/or to realise a substantial part of the Fund's investments other than the investments held through the QFII for the purposes of meeting such redemption requests. As a result, the Fund's investments may be highly concentrated in the mainland China A-shares market.

PRC Tax Risk

Investors should note that where the Fund invests in shares (e.g. A-shares through QFII, B-shares, H-shares and/or certain red chip shares) of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's investments in shares of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

The Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission of the PRC have jointly issued Caishui [2014] No.79 dated 31 October 2014 – “The Circular on issues concerning the temporary exemption from the imposition of PRC Enterprise Income Tax on gains derived by QFIs and Renminbi Qualified Foreign Institutional Investors (“RQFIs”) from the transfer of PRC equity interest investments such as PRC domestic stocks” (the “Circular”). The Circular states that: (i) with effect from 17 November 2014, gains derived by QFIs and RQFIs from the transfer of PRC equity interest investments such as PRC domestic stocks are temporarily exempt from the Enterprise Income Tax; and (ii) Enterprise Income Tax is imposed on the said gains derived by QFIs and RQFIs prior to 17 November 2014 in accordance with law. The Circular applies to QFIs and RQFIs without an establishment or place in mainland China or where the QFII/RQFII has an establishment or place in mainland China, the said gains are not actually connected to such establishment or place in mainland China. In light of the Circular, the Manager has not made any provision for taxes or deducted or withheld any amount on account of taxes in respect of gains derived from the Fund's investments in A-shares through QFII from assets of the Fund on and from 17 November 2014. The Enterprise Income Tax previously provided on the gains derived by the Fund from the disposals of the Fund's investments in A-shares through QFII prior to 17 November 2014 will continue to be withheld by the Fund.

However, there are still uncertainties as to the application of the Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to how the actual PRC tax liabilities for gains realised on disposal of the Fund's investments in A-shares through QFII prior to 17 November 2014 (i.e. the effective date from which gains realised on disposal of investments in A-shares through QFII are exempt from Enterprise Income Tax) will be derived and whether gains realised on the disposals of the Fund's investments in B-shares, H-shares and/or certain red chip shares would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, in respect of the gains realised on disposal of the Fund's investments in B-shares, the Manager makes a 10% provision for taxes or deducts or withholds an amount on account of taxes from assets of the Fund.

If there is any change in the tax rate for withholding as stipulated in the PRC Enterprise Income Tax Law and its implementation rules, which the Manager considers will result in a significant change in the amount of provision for taxes to be made by the Fund, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

Any provision for taxes made or withheld by the Manager may be more than or less than the Fund's actual PRC tax liabilities. Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such adjustments to the amount of provision for taxes as it considers necessary as soon as practicable. In case of a

difference between the Fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance, of the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund's provision for taxes and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund's actual PRC tax liabilities are higher than the provision for taxes made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund's actual PRC tax liabilities are lower than the provision for taxes made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority's ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is no assurance that any tax incentive measures which are applicable to the Fund's investment in A-shares through QFII (such as current exemption of business tax to QFIIs on gains on disposal of investment in A-shares through QFII) will not be repealed. It should also be noted that the Circular states the exemption from the imposition of Enterprise Income Tax on gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments is temporary. As of the date of this document, it is uncertain as to when the exemption will be expired in which case the Fund may need to recommence the provision for taxes on the said gains. This may have a significant negative impact to the Net Asset Value of the Fund. Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in A-shares, B-shares, H-shares and/or certain red chip shares are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in A-shares, B-shares, H-shares and/or certain red chip shares.

Risks of conflicts of interests

Investors should note that (i) all or substantial part of the investment transactions of the Fund will be made through the selected QFII which is a connected person of the Manager (the Manager is a wholly owned subsidiary of the selected QFII); and (ii) the Trustee, the Manager, the selected QFII, the Index provider (i.e. Hang Seng Indexes Company Limited) and the Index proprietor (i.e. Hang Seng Data Services Limited) are all members of the same financial group (i.e. the HSBC Group). Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders of the Fund are treated fairly.

Although separate legal entities and operationally independent, each of the Trustee, the Manager, the selected QFII, the Index provider and the Index proprietor are presently part of the same financial group. Whilst each of these entities is regulated to engage in its activities and in the provision of services in respect of the Fund, in the event of a financial catastrophe or the insolvency of any member of the HSBC Group, there may be adverse implications for the business of the HSBC Group as a whole or other members of the HSBC Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation may be disrupted.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is HK dollars. Where the Fund invests in

securities denominated in a currency which is different from the base currency of the Fund, the Fund will be exposed to any fluctuation in the exchange rates between such currencies. In general, the performance of the Fund will be affected by the exchange rate movements between US dollars and Renminbi (or as the case may be, such other currency in which the relevant securities are denominated). In relation to the investments to be made through the selected QFII, the monies to be transferred to the selected QFII will usually be made in US dollars and the selected QFII will then convert the monies into Renminbi for investments through the QFII facility. Under the current QFII rules and regulations, all inward and outward remittance of investments of the Fund to be made via QFII will be in US dollars and at the rates of exchange between US dollars and Renminbi from time to time to be fixed according to such rules and regulations on the relevant date of conversion. The Fund will therefore be exposed to any fluctuation in the exchange rates between such currencies.

Since the Fund will aim at maximizing returns in Hong Kong dollars, investors whose base currency is not Hong Kong dollars (or a currency linked to it) may be exposed to additional currency risk.

Investment Restrictions

The Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

However, to enable the Fund to track the performance of the Index in an efficient manner, the Fund is allowed to apply other index-tracking strategies (such as sampling strategies) or use other financial instruments (such as futures contracts) in addition to the full replication strategy, such that more than 10% of its Net Asset Value may be invested in constituents securities issued by a single issuer, regardless of their respective weightings in the Index. Nevertheless, when sampling strategies are used which results in the weighting of a particular constituent security in the Fund exceeding its weighting in the Index, such excess in the allocation of the Fund's assets to such constituent security shall be limited to:-

- up to 4% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of less than 30%;
- up to 3% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of 30% to 50%;
- up to 2% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index over 50%.

Borrowing Restrictions

The Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under the section "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The Hang Seng China 50 Index (the “Index”)

The Index is a cross-market index which provides a comprehensive China exposure by combining China stocks listed in Mainland and Hong Kong markets in one single index. The Index adopts a cross-market approach to capture the investment opportunities created by exposure to a comprehensive China investment universe. The Index consists of 50 constituent companies and the coverage of the Index includes mainland China-listed A-shares and B-shares, Hong Kong-listed H-shares, red chip shares and shares of other Hong Kong-listed Mainland companies. The Index was launched on 30 June 2008.

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

Stock Universe

The stock universe of the Index comprises all companies whose primary listing is on:

- The Shanghai Stock Exchange;
- The Shenzhen Stock Exchange; or
- The Main Board of The Stock Exchange of Hong Kong Limited.

Selection Criteria

Companies in the stock universe meeting the following criteria will be included on the eligibility list:

1. For mainland China-listed stock:
 - a) among the top 300 companies in terms of 12-month average A-share market capitalisation, ranking is reviewed every six months;
 - b) among those companies that constitute the top 90% of the A-share market turnover for the past 12 months;
 - c) not classified as a ST/*ST⁽¹⁾ stock or S-stock⁽²⁾; and
 - d) has not been suspended for over one month as of the end of any review period.
2. For Hong Kong-listed stock:
Constituents of the Hang Seng Mainland 100

The constituent companies of the Index comprise the largest 50 companies in terms of 12-month average total market capitalisation on the eligibility list.

Notes:

- (1) “ST/*ST” means “Special Treatment”. ST/*ST stocks are subject to special treatment by the stock exchanges in mainland China and include stocks of listed companies with abnormal financial condition or other abnormal condition(s). For details, please visit the official webpage of China Securities Regulatory Commission <http://www.csrc.gov.cn>.
- (2) “S-stock” means the share of the company which has not completed the 2005 Split Share Structure Reform of Listed Companies. For details, please visit the official webpage of China Securities Regulatory Commission <http://www.csrc.gov.cn>.

Index Calculation

The Index is calculated based on the following formula:

$$\text{Current Index} = \frac{\text{Current aggregate freefloat-adjusted market value of constituents}}{\text{Yesterday's aggregate freefloat-adjusted market value of constituents}} \times \text{Yesterday's Closing Index}$$

in which “aggregate freefloat-adjusted market value” refers to the sum of the freefloat-adjusted market value of each of the share classes of a constituent company.

For example, if a constituent company has both A-share and H-share listings, both the freefloat-adjusted market value of its mainland China-listed A-share and the freefloat-adjusted market value of its Hong Kong-listed H-share are included in the calculation. This is the same for a red chip constituent company which also has A-share listing, i.e. both the freefloat-adjusted market value of its Hong Kong-listed red chip share and the freefloat-adjusted market value of its mainland China-listed A-share are included in the calculation.

Weightings

The Index is a freefloat-adjusted market capitalisation weighted index with a 10% cap on the aggregate weighting of individual constituent companies and is calculated real-time in US dollar terms. In between the semi-annual review of the constituents, it is possible that the aggregate weightings of some constituent companies may be over the cap of 10%.

In respect of the aggregate weighting of each individual constituent company (i.e. the sum of the weightings of all its share classes):

- a) If it is below or equal to 10%, no capping is required for that constituent company.
- b) If it is over 10%, capping is required. In Index calculation, the freefloat-adjusted market capitalisation of each share class of that constituent company is multiplied by the same cap factor which has a value between 0 and 100% such that the aggregate weighting of that constituent company is brought down to the cap of 10%.

For example, if the aggregate weighting of a constituent company that has both A-share and H-listings is over 10%, both the freefloat-adjusted market capitalisation of its A-share and H-share are multiplied by the same cap factor such that the sum of the weightings of that constituent company’s A-share and H-share is brought down to 10%.

Currently, in the case of China United Network Communications Limited (an A-share company) and China Unicom (Hong Kong) Limited (a red chip company and a subsidiary of China United Network Communications Limited), the aggregate weighting of each of these two constituent companies is calculated separately (i.e. each of them is subject to the 10% cap but they only take one place of the 50 constituent companies in the Index). If capping is required, it is done separately, and the cap factor applied for each of them may or may not be the same.

HSIL will use its own reasonable judgement and exercise its absolute discretion in determining the aggregate weighting of constituent companies in certain cases (e.g. whether two constituent companies in the same group will take one place or two places of the 50 constituent companies in the Index).

There is no pre-set cap on the aggregate weighting of individual type of constituent companies/share class of the constituent stocks or pre-set proportion of the different types of constituent companies/share classes of the constituent stocks in the Index. As such, there is a possibility that the constituent stocks of the Index will concentrate in a particular type of share class such as A-shares if the largest 50 companies on the eligibility list are all A-share companies.

Review Frequency

Review of the constituents will be conducted semi-annually while the addition of new share class of relevant shares listed by a constituent company will be conducted monthly on a designated date.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code (Hong Kong Listed)	Stock Code (Mainland China Listed*)	Company Name	Weighting (%)
700	-	Tencent Holdings Ltd.	8.72
941	-	China Mobile Ltd.	7.19
939	601939	China Construction Bank Corporation - H Share	6.13
2318	601318	Ping An Insurance (Group) Co. of China Ltd. - A Share	4.90
1398	601398	Industrial and Commercial Bank of China Ltd. - H Share	4.72
3988	601988	Bank of China Ltd. - H Share	4.00
1988	600016	China Minsheng Banking Corp. Ltd. - A Share	3.29
6030	600030	CITIC Securities Co. Ltd. - A Share	3.19
2628	601628	China Life Insurance Co. Ltd. - H Share	2.74
3968	600036	China Merchants Bank Co., Ltd. - A Share	2.69

* Listed on the Shanghai Stock Exchange.

Real-time update of the Index can be obtained through Thomson Reuters, Bloomberg and the website of HSIL at: <http://www.hsi.com.hk/>. As for other important news of the Index, HSIL will make announcement through press release and at website <http://www.hsi.com.hk/>.

Please note:

- The composition of the Index may change and be substituted with other companies as determined by HSIL if any of the constituent companies were to delist its shares.
- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify HSIL and Hang Seng Data Services Limited ("HSDS") against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future Unitholder or investor) as a result of any act or omission of HSIL and HSDS in respect of or in connection with the trading in the Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in cases of their wilful misconduct, bad faith or dishonesty). The Manager will also indemnify HSIL and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the license agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the Fund's assets in respect of any claims made against it including those in relation to the license agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Fund.

Index Disclaimer

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Index Fund Series

HANG SENG TAIWAN INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Taiwan Index Fund (the "Fund") is to match as closely as practicable the performance of the FTSE TWSE Taiwan 50 Index (the "Index") through investing primarily in the constituent stocks of the Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Index particularly on a day-to-day basis and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information and disclaimer on the Index.

The Manager will primarily adopt the full replication strategy by which the assets of the Fund will comprise the constituent stocks with reference to their respective weightings in the Index or futures contracts on the Index. In order to maximize portfolio management efficiency, minimize transaction cost and tracking error, exposure to the Index may also be obtained through other index-tracking strategies (such as sampling strategies) or financial instruments (such as futures contracts) from which the return to the Fund will substantially reflect the performance of the Index. Such strategies and instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index.

Change from direct investment fund to feeder fund

In future, the Manager may elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$200 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund (the "Underlying Fund").

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Change of Underlying Fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify

the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Distribution Policy

It is proposed not to make distributions in respects of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Different classes of Units, namely Class A Units and Class I Units are available for issue on each Dealing Day, which are subject to different levels of fees and charges as set out in this Term Sheet. Class A Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor.

Units are available for issue on each Dealing Day. A Dealing Day is any day which is both (i) a Business Day, and (ii) a day on which the Taiwan Stock Exchange Corporation (the "TWSE") is open for trading.

To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 12:30 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day.

However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due on that Dealing Day unless the Manager agrees to accept late payment. Payment must be made in US dollars.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units and up to 2.0% of the issue price of Class I Units on the issue of such Units.

Redemption and Switching of Units

For redemption to be dealt with on a Dealing Day, a request for redemption of Units must be received by the Manager prior to 12:30 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

The cut-off time for receipt of applications for switching into Units of the Fund is 12:30 p.m. (Hong Kong time) on each Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee. As such switching will only be effected upon receipt of cleared funds for the account of the Fund, such requests for switching into Units of the Fund will be dealt with on the Dealing Day when the switching proceeds from the original fund are received by the Manager prior to 12:30 p.m. (Hong Kong time) on that Dealing Day (normally, the switching proceeds from the original fund would be received by the Manager two Business Days after the Dealing Day on which the applications are accepted), or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units and Class I Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng

Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in the Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee	Class A	Up to 1.0%
	Class I	Up to 0.75%
Administration Fee	Class A	Not Applicable
	Class I	
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.1% in respect of Net Asset Value up to US\$50,000,000 Up to 0.08% in respect of Net Asset Value for the next US\$50,000,000 Up to 0.06% in respect of Net Asset Value in excess of US\$100,000,000 Subject to a minimum monthly fee of up to US\$2,500 per month
	Class I	

Note:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund shall be calculated and accrue on each Dealing Day and shall be payable monthly in arrears.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as

to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with an index fund

Tracking Error Risk

Whilst the investment objective of the Fund is to match as closely as practicable the performance of the Index, **there can be no assurance that the performance of the Fund will be identical to the performance of the Index.** In particular:-

- the Fund will bear all fees, costs and expenses in relation to the Fund, including but not limited to costs of investing and realizing the investments of the Fund, the fees and expenses of custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, printing and postage costs for the explanatory memorandum, reports, all notices and communication for the Fund, all these fees, costs and expenses will affect the performance of the Fund relative to the Index;
- in order to track the Index, the Manager will need to buy and sell constituent stocks of the Index on a daily basis. The time differences associated with portfolio re-balancing and the price at which the constituent stocks in the Index is acquired or disposed by the Fund will be affected by the market condition at the time of acquisition or disposal;
- in order to maximise portfolio management efficiency, the Manager may in addition to the full replication strategy apply other index-tracking strategies (such as sampling strategies) or use other financial derivative instruments (such as futures contracts) to obtain exposure to the Index for the Fund, which may themselves not necessarily reflect the performance of the Index entirely. Nevertheless, the Manager will endeavour to minimise the potential deviation of performance of the Fund against the Index and cost in relation to the use of such strategies or instruments;
- whilst the Manager will seek to minimise any deviations in the Fund's holdings of constituent stocks against their weightings in the Index, there can be no guarantee that at the end of each Dealing Day the Fund's holdings of constituent stocks will match their weightings in the Index.

Passive Investment Risk

The Manager does not have any discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Fund.

The composition of the Index may change and stocks currently comprising the Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Index. Such changes in the composition of the Index are beyond the control of the Manager.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in the Taiwan listed securities of a particular sector or group of sectors, the investments of the Fund may be similarly concentrated. The performance of the Fund could depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

In addition, in seeking to reflect the weightings of constituent stocks of the Index, investments of the Fund may be concentrated in a single constituent stock or several constituent stocks. Investors should also note that the performance of the Index and the Fund may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

General risks of investments associated with Taiwan

- **Volatility of the Stock Market**
The Taiwanese stock market has experienced a high degree of stock price volatility in recent years. The liquidity of Taiwanese securities is inhibited by price constraints imposed by the TWSE

and smaller market capitalization as compared with more developed stock markets. Currently, in the TWSE, a daily price fluctuation limit for stocks is imposed and it is set at 7% of the closing price of the relevant stock on the preceding business day. The reduction in liquidity during these extreme market conditions may affect the performance of the Fund relative to the Index.

- **Reporting Standards**
Accounting, auditing and financial reporting standards, practice and disclosure requirements applicable to Taiwanese companies may be lower/less stringent than those standards, practices and requirements in more developed financial markets. As a result, there may be less or less reliable information available publicly to investors in Taiwanese companies than to investors in more developed markets.
- **Regulatory System**
There may be a lower level of government supervision and enforcement activity in the regulation of Taiwanese securities markets and the participants in those markets than in more developed markets.
- **Taxation in Taiwan**
The Fund, as a foreign institutional investor in Taiwan, is currently subject to withholding tax on dividends of Taiwanese companies and may be subject to other taxes imposed in Taiwan and such withholding tax may adversely affect the performance of the Fund relative to the Index.
- **Political, Economic and Social Factors**
The investments in the Fund may be adversely affected by uncertainties such as changes in the Government of Taiwan or its policies regarding inward investment, taxation and the restrictions on currency repatriation and other developments in the relevant laws and regulations of Taiwan, tension between mainland China and Taiwan.

There may be more substantial government intervention in the economy, including restrictions on investing in companies or industries deemed sensitive to the interests of Taiwan or other restrictions on investment of foreign capital remitted inwardly to Taiwan.

- **Ownership of the Fund's Assets**
Foreign institutional investors in Taiwan must obtain the status of a Foreign Institutional Investor ("FINI") from TWSE in order to become a qualified foreign investor in Taiwan and invest in Taiwanese securities; furthermore, a custodian in Taiwan has to be appointed. The Hongkong and Shanghai Banking Corporation Limited, Taipei Branch is a custodian of the assets of the Fund under the FINI facility maintained in the name of the Fund.

The Fund may be subject to controls on foreign investment, including those related to the level of foreign ownership, which may include the risk of expropriation, nationalization and confiscation of assets, together with possible limitations on repatriation of invested capital.

Index Related Risk

In the event that the Index ceases to be operated or is not available, the Manager will, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive document of the Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. The SFC reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered to be acceptable to the SFC.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is US dollars. Where the investments of the Fund are denominated in New Taiwan dollars which is different from the base currency of the Fund, the Fund may be adversely affected by changes in exchange rates between the currency in which the investment of the Fund is held and the base currency of the Fund.

Investment Restrictions

For so long as the Fund is a direct investment fund, the Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

However, to enable the Fund to track the performance of the Index in an efficient manner, the Fund is allowed to apply other index-tracking strategies (such as sampling strategies) or use other financial instruments (such as futures contracts) in addition to the full replication strategy, such that more than 10% of its Net Asset Value may be invested in constituents securities issued by a single issuer, regardless of their respective weightings in the Index. Nevertheless, when sampling strategies are used which results in the weighting of a particular constituent security in the Fund exceeding its weighting in the Index, such excess in the allocation of the Fund's assets to such constituent security shall be limited to:-

up to 4% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of less than 30%;

up to 3% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of 30% to 50%;

up to 2% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of over 50%;

Where the Manager elects to change the Fund to a feeder fund, the Fund will be subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Borrowing Restrictions

For so long as the Fund is a direct investment fund, the Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Where the Manager elects to change the Fund to a feeder fund, the Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

FTSE TWSE Taiwan 50 Index (the “Index”)

The FTSE TWSE Taiwan 50 Index is one of the indexes in the FTSE TWSE Taiwan Index Series (the “Index Series”), which is a joint venture between the Taiwan Stock Exchange Corporation (“TWSE”) and FTSE Group. The Index consists of the 50 most highly capitalised blue chip stocks listed on TWSE and represents over 70% of the Taiwanese market. Constituents of the Index are free-float weighted and liquidity screened.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Index were:-

Ranking	Stock Name	Weighting (%)
1	Taiwan Semiconductor Manufacturing Co. Ltd.	25.55
2	Hon Hai Precision Industry Co. Ltd.	7.76
3	MediaTek Inc.	4.95
4	Delta Electronics Inc.	3.02
5	Fubon Financial Holdings Co. Ltd.	2.84
6	Nan Ya Plastics Corp.	2.77
7	Cathay Financial Holding Co. Ltd.	2.68
8	Formosa Plastics Corp.	2.64
9	Chunghwa Telecom Co. Ltd.	2.64
10	China Steel Corp.	2.29

TWSE is responsible for real time calculation and dissemination of the Index Series throughout the market open period on a trading day of TWSE. TWSE will assist in monitoring of all pricing, corporate actions, and intraday market issues in relation to the Index Series. FTSE will maintain records of the market capitalization of all constituents and reserve companies, and will make changes to the constituents and their weightings in accordance with the relevant Index rules, namely, the Ground Rules for the Management of the FTSE TWSE Taiwan Index Series (the “Ground Rules”). FTSE will carry out the quarterly review of the Index Series and implement the resulting constituent changes as required by the Ground Rules. Changes to constituent weightings are made by FTSE in accordance with the Ground Rules. FTSE is responsible for publicizing changes to constituent weightings.

The Index is calculated and published in New Taiwan dollars in real time (every 10 seconds), and New Taiwan and US dollars end of day.

Real-time update of the Index can be obtained through the Bloomberg and Reuters and the website of TWSE at: <http://www.tse.com.tw/en/index.php>. Further information on the Index, Index methodology and the Ground Rules are available from the website of FTSE at www.ftse.com and the website of TWSE at <http://www.tse.com.tw/en/index.php>.

The Manager and its connected persons are independent of the Index provider, FTSE International Limited and TWSE.

Please note:

- The FTSE TWSE Taiwan Index Series Advisory Committee is responsible for undertaking the review of the Index on a quarterly basis in March, June, September and December and for approving changes of constituents of the Index. In the circumstances stated in the Ground Rules (including where a constituent is delisted or ceases to have a firm quotation), the composition of the Index may change and be substituted with other companies as provided therein.
- The accuracy and completeness of the calculation of the Index may be affected if there is any

problem with the system for the computation and/or compilation of the Index.

- Under the terms of the license agreement regarding the use of the FTSE TWSE Taiwan 50 Index, Hang Seng Investment Management Limited will indemnify FTSE International Limited (and its relevant index partner(s)) against any loss, damage, liability or expense (including reasonable legal fees) incurred by FTSE International Limited as a result of or in relation to any claim by a third party arising from or in relation to the Fund or any trading in, or other dealing in relation to, the Fund (except liabilities arising out of the gross negligence, wilful misconduct or breach of the license agreement on the part of FTSE International Limited (and its relevant index partner(s))).

Index Disclaimer

The Hang Seng Taiwan Index Fund (the "Fund") is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE"), the London Stock Exchange Group companies (the "LSEG") or the Taiwan Stock Exchange Corporation ("TWSE") (collectively the "Licensor Parties") and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE TWSE Taiwan 50 Index, a FTSE/TWSE product (the "Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by TWSE with the assistance of FTSE. All intellectual property rights in the Index vest in FTSE and TWSE. None of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

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Mainland China / Hong Kong Fund Series

HANG SENG CHINA EQUITY FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng China Equity Fund (the "Fund") is to achieve long term capital appreciation by primarily investing in securities of companies which engage in China-related businesses and are listed on The Stock Exchange of Hong Kong Limited (the "SEHK") (mainly H-shares and red chip shares) or on any other overseas exchange. Using bottom-up investment approach, the Manager will employ both quantitative and qualitative analysis in selecting securities which have potential for investments. While analytical tools like financial ratio analysis and valuation models will be used to assess the fundamental values of the listed companies, the Manager will also analyse the structure of the industry, the competitive advantage and the investment prospect of the relevant listed companies which securities the Fund will invest in.

The Fund may also invest up to 30% of the Net Asset Value of the Fund in liquid assets denominated in HK dollars such as Exchange Fund Bills, bills of exchange, commercial paper, certificates of deposit, short-term bonds and inter-bank deposits. When lack of sufficient investment opportunities, the Manager may allocate up to 30% of the Fund's portfolio into these liquid assets.

In investing the Fund, the Manager may appoint one or more sub-advisors, subject to the Securities and Futures Commission's prior approval, to manage part or all of the Fund's portfolio.

Change from direct investment fund to feeder fund

In future, the Manager may elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund (the "Underlying Fund").

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Change of Underlying Fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to the relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Distribution Policy

The Manager has full discretion in relation to the making of distributions to Unitholders out of the Fund at such times as it considers appropriate. In determining the amount of distributions (if any) the Manager will have regard to the net income of the Fund and any realised and unrealised capital gains.

Each distribution from the Fund will normally be reinvested in the subscription for further Units in the Fund unless a Unitholder requests that such distribution be made in the form of cash payment.

Issue of Units

Only Class A Units are available for issue.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of subscription applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on the SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for receipt of redemption and switching applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee ²	Class A	Up to 1.5%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.1% in respect of Net Asset Value up to HK\$300,000,000 Up to 0.06% in respect of Net Asset Value for the next HK\$300,000,000 Up to 0.03% in respect of Net Asset Value in excess of HK\$600,000,000

Notes:

1. Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.
2. The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with investing in equities

The Fund is subject to the risks generally associated with equities investment, namely, the market value of the stocks may go down as well as up. Investors may not be able to get back their original investments. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in local and global marketplace. Securities exchanges normally have the right to suspend or limit trading in any securities traded on the relevant exchanges under certain circumstances. A suspension or

limitation on trading means liquidation of such securities is impossible and the Fund may be subject to losses.

Concentration Risk

There is a high concentration risk. To the extent that the Fund's investments concentrate in securities of companies which engage in China-related businesses, the Fund's performance would depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in H-shares and red chip shares, the Fund is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalization or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasize decentralization and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorised by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

PRC Tax Risk

Investors should note that where the Fund invests in shares (e.g. H-shares, certain red chip shares, A-shares through Qualified Foreign Institutional Investors ("QFIIs") and/or B-shares) of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's investments in shares of which

the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

The Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission of the PRC have jointly issued Caishui [2014] No.79 dated 31 October 2014 – “The Circular on issues concerning the temporary exemption from the imposition of PRC Enterprise Income Tax on gains derived by QFIIs and Renminbi Qualified Foreign Institutional Investors (“RQFIIs”) from the transfer of PRC equity interest investments such as PRC domestic stocks” (the “Circular”). The Circular states that: (i) with effect from 17 November 2014, gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments such as PRC domestic stocks are temporarily exempt from the Enterprise Income Tax; and (ii) Enterprise Income Tax is imposed on the said gains derived by QFIIs and RQFIIs prior to 17 November 2014 in accordance with law. The Circular applies to QFIIs and RQFIIs without an establishment or place in mainland China or where the QFII/RQFII has an establishment or place in mainland China, the said gains are not actually connected to such establishment or place in mainland China. In light of the Circular, the Manager has not made any provision for taxes or deducted or withheld any amount on account of taxes in respect of gains derived from the Fund’s investments in A-shares through QFII from assets of the Fund on and from 17 November 2014. The Enterprise Income Tax previously provided on the gains derived by the Fund from the disposals of the Fund’s investments in A-shares through QFII prior to 17 November 2014 will continue to be withheld by the Fund.

However, there are still uncertainties as to the application of the Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to how the actual PRC tax liabilities for gains realised on disposal of the Fund’s investments in A-shares through QFII prior to 17 November 2014 (i.e. the effective date from which gains realised on disposal of investments in A-shares through QFII are exempt from Enterprise Income Tax) will be derived and whether gains realised on the disposals of the Fund’s investments in B-shares, H-shares and/or certain red chip shares would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, in respect of the gains realised on disposal of the Fund’s investments in B-shares, the Manager makes a 10% provision for taxes or deducts or withholds an amount on account of taxes from assets of the Fund.

If there is any change in the tax rate for withholding as stipulated in the PRC Enterprise Income Tax Law and its implementation rules, which the Manager considers will result in a significant change in the amount of provision for taxes to be made by the Fund, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

Any provision for taxes made or withheld by the Manager may be more than or less than the Fund’s actual PRC tax liabilities. Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such adjustments to the amount of provision for taxes as it considers necessary as soon as practicable. In case of a difference between the Fund’s provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund’s assets (as the case may be). As a result, the income from, and/or the performance, of the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund’s provision for taxes and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund’s actual PRC tax liabilities are higher than the provision for taxes made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund’s actual PRC tax liabilities are lower than the provision for taxes made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax

authority's ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is no assurance that any tax incentive measures which are applicable to the Fund's investment in A-shares through QFII (such as current exemption of business tax to QFIIs on gains on disposal of investment in A-shares through QFII) will not be repealed. It should also be noted that the Circular states the exemption from the imposition of Enterprise Income Tax on gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments is temporary. As of the date of this document, it is uncertain as to when the exemption will be expired in which case the Fund may need to recommence the provision for taxes on the said gains. This may have a significant negative impact to the Net Asset Value of the Fund. Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in shares of which the incomes are derived from the mainland China are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in shares of which the incomes are derived from the mainland China.

Investment Restrictions

For so long as the Fund is a direct investment fund, the Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Where the Manager elects to change the Fund to a feeder fund, the Fund will be subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Borrowing Restrictions

The Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investment for the Fund and to meet redemptions and other expenses of the Fund.

Where the Manager elects to change the Fund to a feeder fund, the Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is HK Dollars.

Hang Seng Investment Management Limited
March 2015

Mainland China / Hong Kong Fund Series

HANG SENG CHINA B-SHARE FOCUS FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng China B-Share Focus Fund (the "Fund") is to achieve long term capital appreciation by primarily investing in B-shares listed on stock exchanges in the mainland China. The Fund may also invest in securities of companies having substantial business or operations in the mainland China and listed elsewhere.

In investing the Fund, the Manager may appoint one or more sub-advisors, subject to SFC's prior approval, to manage part or all of the Fund's portfolio.

Distribution Policy

It is proposed not to make distribution in respects of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue and the current designation of such Units is "Class A1" Units. The Manager may at its full discretion issue further series of Class A Units which will be successively numbered in numerical sequence when issued. Thus, the next "series" of Class A Units, if and when available for issue, will be designated as "Class A2" Units. The Manager reserves the right to close an existing series of Class A Units for new subscription although redemption will be allowed to continue according to the then current redemption procedures. If this is the case, a one month prior notice will be given to the Unitholders. Where an existing series of Class A Units are closed for new subscription, the Manager may, at its discretion, make available a new series of Class A Units for subscription.

Units are available for issue on each Dealing Day. A Dealing Day is a day which is a Business Day and a full trading day on both the Shanghai Stock Exchange and the Shenzhen Stock Exchange. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 3:00 p.m. (Hong Kong time) or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units in the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within 2 Business Days

of the relevant Dealing Day unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 3:00 p.m. (Hong Kong time) or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund. For the avoidance of doubt, Class A Units of different series of the Fund are considered as of the same class as Class A Units, Income Units (Class A) or Accumulation Units (Class A) of another Fund (depending on which Fund) in the Hang Seng Investment Series.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee ²	Class A	Up to 1.5%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$195,000,000 Up to 0.1% in respect of Net Asset Value in excess of HK\$195,000,000

Notes:

1. Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated

- and accrues on each Dealing Day and is payable monthly in arrears.
2. The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Incentive Fee

The Manager is also entitled to an incentive fee on all Class A Units as from their respective launch date, calculated and accrues on each Dealing Day and payable in arrears after the end of each financial year of the Fund.

In respect of each class of Units on each Dealing Day, an incentive fee is payable where: (i) there is an increase in the Net Asset Value per Unit (after deduction of all other charges and expenses but before taking into account the subscription and redemption for such Dealing Day and the relevant deduction for the incentive fee accrual for such day) as compared to that for the previous Dealing Day, (ii) such increase in Net Asset Value per Unit is higher than the simple daily equivalent of the Benchmark (as defined below), and (iii) such Net Asset Value per Unit is higher than the High Watermark (as defined below). In such case, an incentive fee for all Class A Units of the relevant series for such Dealing Day will accrue and be calculated at the rate of up to 15% on the difference between the change in the Net Asset Value per Unit since the previous Dealing Day and the simple daily equivalent of the Benchmark, as multiplied by the number of Units in issue immediately after such Dealing Day and the Net Asset Value per Unit (after deduction of all charges and expenses but before taking in to account the subscription and redemption for such Dealing Day and the relevant deduction for the incentive fee accrual for such day). The Net Asset Value per Unit for the Dealing Day on 1 June 2007 will be set as the High Watermark for all Class A1 Units for the financial period of 2007. Where a new series of Class A Units of the Fund is issued, the initial Net Asset Value per Unit of that new series will be set as the High Watermark for that new series. The Benchmark for all series of Class A Units is 10% per annum growth on the Net Asset Value per Unit of the relevant series. The Manager reserves the right to change the Benchmark. Should any proposed lowering of the Benchmark causes an increase in the incentive fee, 1 month's prior notice will be given to the Unitholders before such change shall take effect.

The incentive fee for each Dealing Day will accrue and be included in the Unit price to be used for the purpose of subscription and redemption of Units in the relevant series. Where, in respect of a Dealing Day, however, there is a decrease in the Net Asset Value per Unit since the previous Dealing Day or the increase in the Net Asset Value per Unit for a Dealing Day is lower than the simple daily equivalent of the Benchmark, although no incentive fee will be payable for that Dealing Day, the above formula will still be applied to calculate the incentive fee accrual for that day and the resulting amount will be a negative figure. Such negative figure of incentive fee accrual will be applied to reduce the incentive fee accrued for the series so far until the accrual reaches a minimum level of zero. No incentive fee will be payable to the Manager until the incentive fee accrual reverts to a positive figure again.

At the end of a financial year, the total amount (if any) of the incentive fee accrual will be paid to the Manager. Where incentive fee is payable to the Manager for a financial year, and if the Unit price used for subscription and redemption of Units in the relevant series on the last Dealing Day of such financial year is higher than the High Watermark currently used in the formula for determination of the incentive fee, such Unit price will be set as the High Watermark for such series for the next financial year. Where, however, no incentive fee is payable to the Manager for such financial year or the Unit price on the last Dealing Day of such financial year is lower than the High Watermark currently used, there will not be any resetting of High Watermark and the High Watermark currently used will continue to be the High Watermark to be used for the series for the next financial year.

When there has already been accumulated an incentive fee accrual during a period of positive performance for the relevant series of Class A Units which then attracts significant new subscription for

Units in the series, followed by a period of negative performance, all Unitholders of that series will participate (in proportion to their unitholding) in the reduction of the total amount of incentive fee accrual, regardless of the time at which their investment in the relevant series is made. Also, if the Net Asset Value per Unit of a series of Class A Units is rising but is still below the High Watermark, no incentive fee will accrue and be payable to the Manager and this will benefit investors who invest in Units that are newly issued. The Manager reserves the right, in such situations, to immediately close the relevant series of Class A Units for new subscription although redemption will continue according to the then current redemption procedures. The Manager may, however, at its discretion, make available a new series of Class A Units for subscription. The respective initial Net Asset Value per Unit of the new series of Class A Units as on the launch date will be set as the respective High Watermark for such new series of Class A Units.

If any Class A Units is redeemed on a Dealing Day, the incentive fee accrued so far in respect of such Class A Units will crystallise and be paid to the Manager at the end of the financial year.

The price at which Unitholders subscribe or redeem Units at different times will be affected by the amount of incentive fee accrual imbedded therein which may vary each day and in turn is determined by the performance of the Fund and the level of subscription to and redemption out of the Fund at different times during the year and there will not be any adjustment to the relevant Unit price.

For details of the incentive fee calculation and the relevant High Watermark relating to a particular series of Class A Units, investors may contact the Authorised Distributor of the Fund.

Currently, the incentive fee for Class A1 Units of the Fund has been waived.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with investing in equities

The Fund is subject to the risks generally associated with equities investment, namely, the market value of the stocks may go down as well as up. Investors may not be able to get back their original

investments. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in local and global marketplace. Securities exchanges normally have the right to suspend or limit trading in any securities traded on the relevant exchanges under certain circumstances. A suspension or limitation on trading means liquidation of such securities is impossible and the Fund may be subject to losses.

Concentration Risk

There is a high concentration risk. To the extent that the Fund's investments concentrate in B-shares which engage in China-related businesses, the Fund's performance would depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in the securities markets in the PRC is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalization or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorised by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

PRC Tax Risk

Investors should note that where the Fund invests in shares (e.g. H-shares, certain red chip shares, A-shares through Qualified Foreign Institutional Investors ("QFIIs") and/or B-shares) of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's investments in shares of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

The Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission of the PRC have jointly issued Caishui [2014] No.79 dated 31 October 2014 – “The Circular on issues concerning the temporary exemption from the imposition of PRC Enterprise Income Tax on gains derived by QFII and Renminbi Qualified Foreign Institutional Investors (“RQFIIs”) from the transfer of PRC equity interest investments such as PRC domestic stocks” (the “Circular”). The Circular states that: (i) with effect from 17 November 2014, gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments such as PRC domestic stocks are temporarily exempt from the Enterprise Income Tax; and (ii) Enterprise Income Tax is imposed on the said gains derived by QFIIs and RQFIIs prior to 17 November 2014 in accordance with law. The Circular applies to QFIIs and RQFIIs without an establishment or place in mainland China or where the QFII/RQFII has an establishment or place in mainland China, the said gains are not actually connected to such establishment or place in mainland China. In light of the Circular, the Manager has not made any provision for taxes or deducted or withheld any amount on account of taxes in respect of gains derived from the Fund's investments in A-shares through QFII) from assets of the Fund on and from 17 November 2014. The Enterprise Income Tax previously provided on the gains derived by the Fund from the disposals of the Fund's investments in A-shares through QFII prior to 17 November 2014 will continue to be withheld by the Fund.

However, there are still uncertainties as to the application of the Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to how the actual PRC tax liabilities for gains realised on disposal of the Fund's investments in A-shares through QFII prior to 17 November 2014 (i.e. the effective date from which gains realised on disposal of investments in A-shares through QFII are exempt from Enterprise Income Tax) will be derived and whether gains realised on the disposals of the Fund's investments in B-shares, H-shares and/or certain red chip shares would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, in respect of the gains realised on disposal of the Fund's investments in B-shares, the Manager makes a 10% provision for taxes or deducts or withholds an amount on account of taxes from assets of the Fund.

If there is any change in the tax rate for withholding as stipulated in the PRC Enterprise Income Tax Law and its implementation rules, which the Manager considers will result in a significant change in the amount of provision for taxes to be made by the Fund, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

Any provision for taxes made or withheld by the Manager may be more than or less than the Fund's actual PRC tax liabilities. Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such adjustments to the amount of provision for taxes as it considers necessary as soon as practicable. In case of a difference between the Fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance, of the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund's provision for taxes and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund's actual PRC tax liabilities are higher than the provision for taxes made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount

of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund's actual PRC tax liabilities are lower than the provision for taxes made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority's ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is no assurance that any tax incentive measures which are applicable to the Fund's investment in A-shares through QFII (such as current exemption of business tax to QFIIs on gains on disposal of investment in A-shares through QFII) will not be repealed. It should also be noted that the Circular states the exemption from the imposition of Enterprise Income Tax on gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments is temporary. As of the date of this document, it is uncertain as to when the exemption will be expired in which case the Fund may need to recommence the provision for taxes on the said gains. This may have a significant negative impact to the Net Asset Value of the Fund. Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in shares of which the incomes are derived from the mainland China are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in shares of which the incomes are derived from the mainland China.

Investment Restrictions

The Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investment for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is HK Dollars.

Hang Seng Investment Management Limited
March 2015

Index Fund Series / Mainland China / Hong Kong Fund Series

HANG SENG CORPORATE SUSTAINABILITY INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Corporate Sustainability Index Fund (the "Fund") is to match as closely as practicable the performance of the Hang Seng Corporate Sustainability Index (the "Index") through investing primarily in the constituent stocks of the Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Index particularly on a day-to-day basis and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information on the Index.

The Manager will primarily adopt the full replication strategy by which the assets of the Fund will comprise the constituent stocks with reference to their respective weightings in the Index. In order to maximise portfolio management efficiency, minimise transaction cost and tracking error, exposure to the Index may also be obtained through other index-tracking strategies (such as sampling strategies) or financial derivative instruments (such as futures contracts) from which the return to the Fund will substantially reflect the performance of the Index. Such strategies and instruments are chosen based on their correlation with the Index and cost efficiency in order to reflect the characteristics of the Index. The Fund may invest up to 10% of the Net Asset Value of the Fund in financial derivative instruments (such as futures contracts).

In the future, the Manager may, subject to the prior approval of the SFC and in some cases with the approval of Unitholders in general meeting, elect to change the Fund from a direct investment fund to a feeder fund and invest in an underlying fund. Subsequent to the Fund having been changed to a feeder fund and invested in an underlying fund, the Manager may, subject to the prior approval of the SFC and in some cases with the approval of Unitholders in general meeting, elect to change the underlying fund or change the Fund from a feeder fund to a direct investment fund. Please refer to Appendix 2 for details.

Currently, the Manager has no intention to have any securities lending, repurchase or similar over-the-counter transactions entered into for the account of the Fund. In the future, where the Manager intends to have any securities lending, repurchase or similar over-the-counter transactions entered into for the account of the Fund, subject to SFC's prior approval, 1 month's prior notice will be given to the relevant Unitholders.

Investors can obtain the latest available information of the Fund, including its top investment holdings as at the latest month-end, from the website www.hangseng.com/fundsupermart.

Distribution Policy

It is proposed not to make distributions in respects of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Both Class A Units and Class I Units are available for issue. Class A Units and Class I Units are subject to different levels of fees and charges, as set out in this Term Sheet. Class A Units are available for

subscription by retail investors. Class I Units are in general available for subscription by institutional investors. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager before the official closing time of The Stock Exchange of Hong Kong Limited (the "SEHK") on that Dealing Day. The current cut-off time for receipt of subscription applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied, for together with any preliminary charge, is due within the settlement period for transactions on SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units and up to 2.0% of the issue price of Class I Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for receipt of redemption and switching applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units and Class I Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in the Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee and Trustee Fee

The table below sets out the Management Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee	Class A	Up to 1.0%
	Class I	Up to 0.5%
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$200,000,000
	Class I	Up to 0.1% in respect of Net Asset Value in excess of HK\$200,000,000 Subject to a minimum monthly fee of up to HK\$35,000 per month

Note:

- Each of the above Management Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain

independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risk associated with sustainability investment

The constituent stocks of the Index are selected based on, among others, the results from a corporate sustainability rating assessment. (For details, please refer to Appendix 1.) It is possible that the Fund's portfolios may perform less well than portfolios with similar investment objectives that are not engaged in similar or any corporate sustainability rating assessment.

The corporate sustainability rating assessment is undertaken by Hong Kong Quality Assurance Agency ("HKQAA"), an independent and professional assessment body, using its proprietary Sustainability Rating framework. HKQAA assists industry and commerce in the development of management systems and provides assessment and certification services. In order to ensure a professional, objective and comprehensive assessment of the sustainability performance of listed companies, the rating criteria and assessment framework will be formulated by HKQAA with reference to several international standards, including the GRI G4 Sustainability Reporting Guidelines, ISO 26000 Social Responsibility Guidelines and AA 1000 Standards. There can be no assurance that the assessment reflects the actual circumstances or that the stocks selected are sustainable.

Risks for a fund which is an index fund

Tracking Error Risk

Whilst the investment objective of the Fund is to match as closely as practicable the performance of the Index, **there can be no assurance that the performance of the Fund will be identical to the performance of the Index.** In particular:-

- the Fund will bear all fees, costs and expenses in relation to the Fund, including but not limited to costs of investing and realising the investments of the Fund, the fees and expenses of custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, printing and postage costs for the Explanatory Memorandum, reports, all notices and communication for the Fund, all these fees, costs and expenses will affect the performance of the Fund relative to the Index;
- in order to track the Index, the Manager will need to buy and sell constituent stocks of the Index on a daily basis. The time differences associated with portfolio re-balancing and the price at which the constituent stocks in the Index is acquired or disposed by the Fund will be affected by the market condition at the time of acquisition or disposal;
- in order to maximise portfolio management efficiency, the Manager may in addition to the full replication strategy apply other index-tracking strategies (such as sampling strategies) or use other financial derivative instruments (such as futures contracts) to obtain exposure to the Index for the Fund, which may themselves not necessarily reflect the performance of the Index entirely. Nevertheless, the Manager will endeavour to minimise the potential deviation of performance of the Fund against the Index and cost in relation to the use of such strategies or instruments;
- whilst the Manager will seek to minimise any deviations in the Fund's holdings of constituent stocks against their weightings in the Index, there can be no guarantee that at the end of each Dealing Day the Fund's holdings of constituent stocks will match their weightings in the Index.

Passive Investment Risk

The Manager does not have any discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Fund.

The composition of the Index may change and stocks currently comprising the Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Index. Such changes in the composition of the Index are beyond the control of the Manager.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in the Hong Kong listed securities (including H-shares and red chip shares) of a particular sector or group of sectors, the investments of the Fund may be similarly concentrated. The performance of the Fund could depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

In addition, in seeking to reflect the weightings of constituent stocks of the Index, investments of the Fund may be concentrated in a single constituent stock or several constituent stocks. Investors should also note that the performance of the Index and the Fund may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

Index Related Risk

In the event that the Index ceases to be operated or is not available, the Manager will, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive document of the Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. The SFC reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered to be acceptable to the SFC.

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in H-shares and red chip shares, the Fund is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalization or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned

economic system. Since 1978, the PRC government has implemented economic reform measures which emphasize decentralization and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorised by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Interbank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

PRC Tax Risk

Investors should note that where the Fund invests in shares (e.g. H-shares and/or certain red chip shares) of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's investments in shares of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

However, there are still uncertainties as to the application of the PRC Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to whether gains realised on disposal of the Fund's investments in H-shares/red chip shares would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, the Manager has not made any provision for taxes. However, the Manager reserves the right to make any provision for taxes or deduct or withhold an amount on account of taxes from assets of the Fund according to the PRC Enterprise Income Tax Law and its implementation rules.

Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such provision for taxes or such adjustments to the amount of provision for taxes (if any) as it considers necessary as soon as practicable. If provision for taxes is to be made, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

In case of no provision for taxes being made or a difference between the Fund's provision for taxes (if any) and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance, of the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund's provision for taxes (if any) and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund's actual PRC tax liabilities are higher than the provision for taxes (if any) made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund's actual PRC tax liabilities are lower than the provision for taxes (if any) made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority's ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in H-shares and/or certain red chip shares are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in H-shares and/or certain red chip shares.

Conflicts of Interest Risk

Investors should note that the Trustee, the Manager, the Index compiler (i.e. Hang Seng Indexes Company Limited) and the Index proprietor (i.e. Hang Seng Data Services Limited) are all members of the same financial group (i.e. the HSBC Group). Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders are treated fairly.

Although separate legal entities and operationally independent, each of the Trustee, the Manager, the Index provider and the Index proprietor are presently part of the same financial group. Whilst each of these entities is regulated to engage in its activities and in the provision of services in respect of the Fund, in the event of a financial catastrophe or the insolvency of any member of the HSBC Group, there may be adverse implications for the business of the HSBC Group as a whole or other members of the HSBC Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation may be disrupted.

Investment Restrictions

For so long as the Fund is a direct investment fund, the Fund is subject to the investment restrictions for direct investment funds described in the "Investment Restrictions" section under "GENERAL" in the Explanatory Memorandum.

However, to enable the Fund to track the performance of the Index in an efficient manner, the Fund is allowed to apply other index-tracking strategies (such as sampling strategies) or use other financial derivative instruments (such as futures contracts) in addition to the full replication strategy, such that more than 10% of its Net Asset Value may be invested in constituent securities issued by a single issuer, regardless of their respective weightings in the Index. Nevertheless, when sampling strategies are used which results in the weighting of a particular constituent security in the Fund exceeding its weighting in the Index, such excess in the allocation of the Fund's assets to such constituent security shall be limited to:-

- up to 4% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of less than 30%;
- up to 3% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of 30% to 50%;
- up to 2% of the Net Asset Value of the Fund in respect of any constituent security with a weighting in the Index of over 50%.

Where the Manager elects to change the Fund to a feeder fund, the Fund will be subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Borrowing Restrictions

The Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investment for the Fund and to meet redemptions and other expenses of the Fund.

Where the Manager elects to change the Fund to a feeder fund, the Manager may borrow up to 10% of

the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under the section “VALUATION OF FUNDS AND UNIT PRICES”.

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The Hang Seng Corporate Sustainability Index (the “Index”)

The Index measures the price performance of sizeable and liquid Hong Kong-listed stocks that perform well in corporate sustainability which encompasses environmental, social and corporate governance. Constituent selection is based on a robust process that includes consideration of the results from a Corporate Sustainability Rating Assessment undertaken by Hong Kong Quality Assurance Agency (“HKQAA”), an independent and professional assessment body, using its proprietary Sustainability Rating framework. The Index is an index in the Hang Seng Corporate Sustainability Index Series and is launched on 26 July 2010. It is calculated with a base value of 3,000 as of 2 January 2008.

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

The universe of the Index comprises all stocks that have their primary listing on the Main Board of the SEHK, excluding stocks that are secondary listings, preference shares, real estate investment trusts, debt securities, exchange traded funds and other derivatives. For a stock to be selected as a constituent stock of the Index, it must pass the following Eligibility Screening and Corporate Sustainability Rating Assessment:

Eligibility Screening

- I) Market Capitalisation Screening:
- 1) All stocks are ranked by their full market capitalisation, in terms of average month-end market capitalisation in the past 12 months.
 - 2) Stocks which rank in the top 150 stocks of the total market capitalisation in terms of average month-end market capitalisation in the past 12 months of the universe will be examined with respect to turnover screening.

Stocks should be listed for at least one year by the review cut-off date.

- II) Turnover Screening:
Turnover velocity in each of the past 12 months is calculated for each of the top 150 stocks mentioned above based on the following formula:

$$\text{Turnover velocity} = \frac{\text{Median of daily traded shares in specific calendar month}}{\text{Freefloat-adjusted issued shares at month-end}}$$

The minimum requirement of turnover velocity is 0.1%. 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 for an existing constituent of the Index must meet the minimum requirement for at least 10 out of the past 12 months.

Corporate Sustainability Rating Assessment

Stocks in the universe that pass all of the above Eligibility Screening will undergo the Corporate Sustainability Rating Assessment developed and carried out by HKQAA. HKQAA is a non-profit-distributing organization established by the then Hong Kong Government in 1989. HKQAA assists industry and commerce in the development of management systems to enhance competitive advantage. HKQAA, one of the leading assessment agencies in Hong Kong, provides enterprises in Hong Kong and mainland China with assessment and certification services, as well as a wide range of training services. In order to ensure a professional, objective and comprehensive assessment of the sustainability performance of listed companies, the rating criteria and assessment framework will be formulated by HKQAA with reference to several international standards, including the GRI G4 Sustainability Reporting Guidelines, ISO 26000 Social Responsibility Guidelines and AA 1000 Standards.

Under the Corporate Sustainability Rating Assessment, the corporate sustainability performance of each eligible company will be measured against each of the seven core subjects, namely, Organizational Governance, Human Rights, Labour Practices, The Environment, Fair Operating Practices, Consumer Issues and Community Involvement and Development. HKQAA sustainability performance score and rating will be assigned to each eligible company after assessment and provided to HSIL. The top 30 stocks with the highest HKQAA sustainability performance score in the eligible list will be selected as constituents of the Index.

Other information relating to the Corporate Sustainability Rating Assessment and its methodology can be obtained from the website of HKQAA at <http://srr.hkqaa.org>.

The review of the Index and the Corporate Sustainability Rating Assessment are conducted annually.

The Index adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on each constituent weighting.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
700	Tencent Holdings Ltd.	10.68
941	China Mobile Ltd.	10.36
939	China Construction Bank Corporation - H Share	10.21
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.27
5	HSBC Holdings plc.	8.62
3988	Bank of China Ltd. - H Share	7.86
13	Hutchison Whampoa Ltd.	5.16
1	Cheung Kong (Holdings) Ltd.	4.88
388	Hong Kong Exchanges and Clearing Ltd.	4.45
2	CLP Holdings Ltd.	2.90

Real-time update of the Index can be obtained through Thomson Reuters, Bloomberg and the website of HSIL at: <http://www.hsi.com.hk/>. The Index methodology and other important news relating to the Index are available at the HSIL website, <http://www.hsi.com.hk/>.

Please note:

- The composition of the Index may change and be substituted with other companies as determined by HSIL if any of the constituent companies were to delist its shares.
- The accuracy and completeness of the calculation of the Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify HSIL and Hang Seng Data Services Limited (“HSDS”) against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future Unitholder or investor) as a result of any act or omission of HSIL and HSDS in respect of or in connection with the trading in the Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in cases of their wilful misconduct, bad faith or dishonesty). The Manager will also indemnify HSIL and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the license agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the Fund’s assets in respect of any

claims made against it including those in relation to the license agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Fund.

Index Disclaimer

The Hang Seng Corporate Sustainability Index (the "Index") is published and compiled by Hang Seng Indexes Company Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name "Hang Seng Corporate Sustainability Index" is proprietary to Hang Seng Data Services Limited. Hang Seng Indexes Company Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by Hang Seng Investment Management Limited in connection with Hang Seng Corporate Sustainability Index Fund (the "Fund"), **BUT NEITHER HANG SENG INDEXES COMPANY LIMITED NOR HANG SENG DATA SERVICES LIMITED WARRANTS OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE FUND OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE 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 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 INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of any of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by Hang Seng Indexes Company Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HANG SENG INDEXES COMPANY LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY HANG SENG INVESTMENT MANAGEMENT LIMITED IN CONNECTION WITH THE FUND; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HANG SENG INDEXES COMPANY LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE 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 FUND OR ANY OTHER PERSON DEALING WITH THE FUND AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HANG SENG INDEXES COMPANY LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Fund in any manner whatsoever by any broker, holder or other person dealing with the Fund. Any broker, holder or other person dealing with the Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on Hang Seng Indexes Company Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and Hang Seng Indexes Company Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship.

Appendix 2

Circumstances under which the investment policies of the Fund may be changed include the following:

Change from direct investment fund to feeder fund

- (a) In the future, the Manager may, subject to the prior approval of the SFC, elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million.

When the Net Asset Value of the Fund is approaching or has reached such amount and the Manager intends to change the Fund to a feeder fund:

- (i) the Manager will, with SFC's prior approval, give 3 months' notice (or such shorter notice as consented by the SFC) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice; and
 - (ii) the underlying fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund (the "Underlying Fund").
- (b) In circumstances other than those set out in paragraph (a) above, the Manager may, subject to the prior approval of the SFC, elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Change of Underlying Fund

- (a) Subsequent to the Fund having been changed to a feeder fund, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective, level of fees payable by the Fund and risk level if, in the Manager's opinion, it is in the best interests of Unitholders to change the Underlying Fund to meet the Fund's investment objective.

Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

- (b) In case of any of the urgent circumstances as set out below, the Manager may, with the prior approval of the SFC, change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, level of fees payable by the Fund and risk level, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

- (c) In circumstances other than those set out in paragraphs (a) and (b) above, subject to the prior approval of the SFC and with the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of level of fees payable by the Fund or risk level from the Underlying Fund.

Change from feeder fund to direct investment fund

- (a) Subsequent to the Fund having been changed to a feeder fund, the Manager may also, subject to the prior approval of the SFC, elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined

to be HK\$600 million.

When the Net Asset Value of the Fund is approaching or has reached such amount and the Manager intends to change the Fund to a direct investment fund, the Manager will, with SFC's prior approval, give 3 months' notice (or such shorter notice as consented by the SFC) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

- (b) In circumstances other than those set out in paragraph (a) above and paragraph (c) below, the Manager may, subject to the prior approval of the SFC, elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting.
- (c) In case of any of the urgent circumstances as set out above, the Manager may, with the prior approval of the SFC, change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Index Fund Series

HANG SENG AMERICAN INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng American Index Fund (the "Fund") is to match the return of the Standard & Poor's 500 Index (the "American Index"). The Fund seeks to achieve this investment objective by investing solely in the American Index Fund (the "Underlying Fund"), a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds which is also authorised by the SFC (SFC authorisation is not a recommendation or endorsement of the Underlying Fund nor does it guarantee the commercial merits of the Underlying Fund or its performance. It does not mean the Underlying Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.), and having as its investment objective to provide long term capital growth by matching the return of the American Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the American Index particularly on a day-to-day basis and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information on the Underlying Fund and the American Index.

Change of Underlying Fund

In future, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from

the Underlying Fund.

Change from feeder fund to direct investment fund

In future, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be US\$70 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Where the Manager elects to invest the Fund directly, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio. The Manager will normally appoint its associate companies as sub-advisors; however, if any third party which is not an associate is to be appointed, prior SFC approval will be sought.

Change from direct investment fund to feeder fund

Subsequent to the Fund having switched to a direct investment fund, the Manager may elect to change it to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be US\$50 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund.

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Distribution Policy

The Manager has an absolute discretion to decide whether or not to make distributions to Unitholders out of the Fund, the frequency of the distributions (if any) and the time for the distributions (if any). In determining the amount of distributions (if any), the Manager will have regard to the net income of the Fund and any realised and unrealised capital gains.

Each distribution from the Fund will normally be reinvested in the subscription of further Units of the Fund unless a Unitholder requests that such distribution be made in the form of cash payment.

Issue of Units

Only Class A Units are available for issue.

Units will be available for issue on each Dealing Day. A Dealing Day is any day which is (i) a Business Day; (ii) a dealing day for the Underlying Fund; and (iii) a day on which the stock exchanges for the constituent stocks of the American Index are open for trading.

To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00

p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

The Manager reserves the right not to accept in whole or in part an application for Units on a Dealing Day at its discretion given the Fund's subscription application for shares in the Underlying Fund may be rejected by the Underlying Fund pursuant to the provisions of its offering document. Where such application for Units in whole or in part is not accepted on a Dealing Day, the whole or that part of the application to which the subscription for Units relates will be carried forward for processing on the next Dealing Day. If all or part of a subscription application is so carried forward, the Manager will inform the applicant concerned accordingly.

Payment for Units being applied for, together with any preliminary charge, is due within 2 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time prior to the calculation of the Net Asset Value of the Fund on that Dealing Day as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

The Manager reserves the right not to accept in whole or in part an application for redemption and/or switching of Units on a Dealing Day at its discretion given the Fund's redemption application for shares in the Underlying Fund may be rejected by the Underlying Fund pursuant to the provisions of its offering document. Where such application in whole or in part is not accepted on a Dealing Day, the whole or that part of the application to which the relevant redemption and/or switching of Units relate will be carried forward for process on the next Dealing Day. If all or part of an application is so carried forward,

the Manager will inform the Unitholders concerned accordingly.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the aggregate management fees, the Administration Fee and Trustee Fee of the Fund, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Aggregate management fees payable to the Manager of the Fund and to the manager of the Underlying Fund	Class A	Up to 1.0% (currently 0.75%)
Administration Fee payable to the Manager of the Fund	Class A	Not Applicable
Trustee Fee of the Fund	Class A	Calculated on a sliding scale as follows:- Up to 0.06% in respect of Net Asset Value up to US\$25,000,000 Up to 0.05% in respect of Net Asset Value in excess of US\$25,000,000

Notes:

1. The Underlying Fund is a sub-fund of HSBC Index Tracker Investment Funds.
2. The current management fee payable to the Manager of the Fund is 0.65% per annum of the Net Asset Value of the Fund (while the maximum rate that can be charged is 1.0%). The management fee remunerates the Manager in respect of the services it provides to the Fund including managing foreign exchange dealings in relation to the investment of the Fund into the Underlying Fund, managing the tracking error of the Fund and providing after sales services since the Underlying Fund is not available to the public in Hong Kong. As such, the management fee charged by the Manager relates to services provided by the Manager which are different from and additional to those provided by the manager of the Underlying Fund.
3. The current management fee for the Underlying Fund is 0.10% per annum of the net asset value of the Underlying Fund.
4. One month's prior notice will be given to Unitholders should the management fee be increased, including but not limited to by reason of an increase in fees at the Underlying Fund level.
5. Each of the above aggregate management fees, the Administration Fee and Trustee Fee of the Fund is calculated and accrue on each Dealing Day and are payable monthly in arrears.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons but the Fund will bear any such charges levied on investment in other collective investment schemes.

The following fees will be disclosed in the annual financial reports for the Fund:-

- (1) For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) and the maximum aggregate trustee fees payable to the Trustee and the trustee of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) during the reporting financial period expressed as a percentage per annum of the Net Asset Value of the Fund;
- (2) where the Fund is changed to a direct investment fund, the management fee paid to the Manager (inclusive of any sub-advisor's fee, if applicable) and the trustee fee paid to the Trustee.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

There can be no assurance that the performance of the Fund will be identical to the performance of the Index due to many factors and circumstances.

Risks relating to the fund structure

As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to such risks to which the Underlying Fund is subject as mentioned under "Risks of Investing in the Underlying Fund" in Appendix 1, including the following:-

Tracking Error Risk

Tracking error may arise due to, including but not limited to, the following circumstances:

- (1) timing differences associated with portfolio re-balancing by the Underlying Fund as against a change in constituent stocks of the American Index as well as the time lag between valuation of the Underlying Fund and the closing of the American Index;
- (2) the use of the relevant techniques or futures or other derivative positions by the Underlying Fund to gain exposure to the American Index;

- (3) the inability of the Underlying Fund to invest in all securities comprising the American Index at times due to temporary unavailability of certain securities;
- (4) different currency denominations between the Fund, the Underlying Fund and investments of the Underlying Fund such that exchange rate movements may affect the value of the Fund favorably or unfavorably, separately from gains or losses otherwise made by tracking the capital performance of the American Index;
- (5) fees and expenses of the Fund and the Underlying Fund;
- (6) the "dilution adjustment" that may be made to the share price of the Underlying Fund in certain circumstances including where the aggregate transactions in shares of all classes in the Underlying Fund result in a net increase or decrease of shares which exceed the pre-determined threshold as set out in the offering document of the Underlying Fund (in such cases, the dilution adjustment amount will be an addition to the issue price when it results in a net increase of shares of the Underlying Fund and a deduction from the redemption price when it results in a net decrease);
- (7) inability of the Fund to subscribe for or redeem such number of shares in the Underlying Fund on any particular day upon the Underlying Fund's exercise its power pursuant to its offering document, to reject the relevant subscription or redemption application of the Fund for such shares in the Underlying Fund; and
- (8) other extraordinary circumstances.

As disclosed in the offering documents of the Underlying Fund, the manager of the Underlying Fund will make every effort to take the most appropriate investment policy to minimize the tracking error. Nevertheless, there can be no guarantee that any specific tracking error can be avoided.

Passive Investment Risk

The Underlying Fund may not be able to adapt to market changes due to the inherent investment nature of index funds. Hence, any fall in the American Index will result in corresponding fall in the value of the Underlying Fund, and a fall in the value of the Fund.

The composition of the American Index may change and stocks currently comprising the American Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the American Index.

Concentration Risk

There is a high concentration risk. The investments of the Underlying Fund concentrate in a single country. The Underlying Fund is therefore likely to be more volatile than a diversified fund across more countries as it is more susceptible to adverse conditions in that particular country.

Investment Restrictions

For so long as the Fund invests solely in the Underlying Fund, the Fund is subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Where the Fund is changed to a direct investment fund, the Fund will be subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Where the Fund is changed to a direct investment fund, the Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The HSBC Index Tracker Investment Funds - American Index Fund (the "Underlying Fund")

The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds having as its investment objective to provide long term capital growth by matching the return of the Standard & Poor's 500 Index (the "American Index"). The investment policy of the Underlying Fund is to invest in companies that make up the American Index. The manager of the Underlying Fund reserves the right to exercise the full powers of the Underlying Fund in relation to borrowing and efficient portfolio management as and when it considers that the circumstances which then exist make it appropriate to do so. The scheme property of the Underlying Fund may also not consist of the exact composition and weighting of the underlying in the American Index in circumstances where the manager of the Underlying Fund determines that this is expedient for reasons of poor liquidity or excessive cost to the Underlying Fund. The Underlying Fund is currently fully replicating the American Index. The Prospectus and the Hong Kong Covering Document of the Underlying Fund are available for reference upon request.

Where it is not possible to invest in a stock such that the amount held by the Underlying Fund is consistent with that stock's weighting within the American Index, then additional exposure to the stock will be sought by investing in transferable securities (which may or may not be constituents of the American Index) which themselves aim to closely replicate the performance of the stock or which it is expected will perform in a similar way to that stock, subject to any restrictions that the Underlying Fund is subject. Such transferable securities may include debt instruments designed to replicate the performance of the stock in question. There is a risk that the stocks selected will not accurately replicate the return of the American Index.

Risks of Investing in the Underlying Fund

Whilst the investment objective of both the Fund and the Underlying Fund is to match the return of the American Index, there is no guarantee that the performance of the Fund, at any time, will exactly replicate the performance of the American Index.

As the Fund invests solely in the Underlying Fund, the Fund is exposed to such risks to which the Underlying Fund is subject including the following (as disclosed in the offering document of the Underlying Fund):

- There is no guarantee that the Underlying Fund will, at any time, be able to exactly replicate the performance of the American Index. Although the manager of the Underlying Fund will make every effort to minimise tracking error, the avoidance of any specific error cannot be guaranteed. Tracking error is likely to be greatest during extreme market volatility and when specific events affecting the largest constituent stocks of the American Index happen. None of the Manager of the Fund, Underlying Fund, or any of the service providers of the Underlying Fund shall be liable to any other person for any tracking error in relation to the American Index.
- The Underlying Fund currently holds all the stocks comprising the American Index which it tracks. Tracking error is minimised by comparing the weights of the stocks in the Underlying Fund to the weights of the stocks in the American Index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock's weight in the Underlying Fund differs from its weight in the American Index by more than a specified tolerance, then shares in this stock will be bought or sold in order to give the stock a American Index weighting. Cash arising from sales will either be retained by the Underlying Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by the Underlying Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by the Underlying Fund will be kept as low as is practicable.

- The price of shares in the Underlying Fund, and the income from them, if any, may go down as well as up. In addition, the Underlying Fund may not be able to adapt to market changes due to the inherent investment nature of index funds. Hence, any fall in the American Index may result in a corresponding fall in the value of the Underlying Fund, hence a fall in the value of the Fund.
- The investments of the Underlying Fund may be concentrated in one or two stocks in the event that the American Index is so concentrated. As such, the performance of the Fund may be significantly affected by such constituent stocks of the American Index.
- Investments of the Underlying Fund may be denominated in currencies other than the base currency of the Underlying Fund and exchange rate movements may affect the value of the Underlying Fund favorably or unfavorably, separately from gains or losses otherwise made from such investments of the Underlying Fund.
- In the event that the American Index becomes unavailable for use, the manager of the Underlying Fund will discuss with its indexation sub-advisor whether the Underlying Fund should either (i) be maintained in its current structure until such time as the American Index is again available; or (ii) be restructured to track another index which has similar objectives to the American Index. A replacement of the American Index may only be made in accordance with the provisions of the constitutive document of the HSBC Index Tracker Investment Funds and the Fund, and with the prior approval of the SFC. The SFC reserves the right to withdraw the authorisation of the Underlying Fund and the Fund if the American Index is no longer considered to be acceptable to the SFC.
- In the event of the termination of the Underlying Fund, the manager of the Underlying Fund would have to distribute to the investors their pro rata interest in the assets of the Underlying Fund. It is possible that at the time of such distribution, certain investments held by the Underlying Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the investors.

The Standard & Poor's 500 Index (the "American Index")

As at 3 March 2015, the American Index consists of the largest 502 companies by market capitalisation in the United States of America. The largest sector is the Information Technology sector with weighting of 19.92%, followed by the Financials sector with weighting of 16.08%.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the American Index were:

Ranking	Stock Name	Weighting (%)
1	Apple Inc	4.06
2	Exxon Mobil Corp	1.98
3	Microsoft Corp	1.91
4	Johnson & Johnson	1.53
5	Berkshire Hathaway	1.42
6	Wells Fargo & Co	1.40
7	General Electric & Co	1.39
8	JP Morgan Chase & Co	1.24
9	Procter & Gamble	1.23
10	Pfizer Inc	1.16

Investors may obtain the latest index information and other important news of the American Index from Reuters or Bloomberg. Investors may obtain a brief description of the index rules for the American Index from the website of the index provider, Standard & Poor's, Inc. at www.standardandpoors.com.

The Manager, the manager of the Underlying Fund and their connected persons are independent of the index provider, Standard & Poor's, Inc.

Please note:-

The composition of the American Index may change from time to time and stocks currently comprising the American Index may subsequently be delisted and other stocks added to form part of the American Index. Such changes are beyond the control of the Manager of the Fund, the Underlying Fund or any of the service providers of the Underlying Fund.

There is a possibility that the American Index may be wrongly calculated due to the use of incorrect data and/or a virus contaminating the index calculation software. There is also a possibility that the calculation of the American Index may be incomplete due to technical failure during such calculation. However, the manager of the Underlying Fund considers that the index provider for the Underlying Fund – Standard & Poor's Inc. - is one of the most reputable index providers in the world and that the likelihood of there being any circumstances which cause an inaccurate or incomplete calculation is negligible.

Index Disclaimer

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Index Fund Series

HANG SENG UK INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng UK Index Fund (the "Fund") is to match the return of the FTSE 100 Index (the "UK Index"). The Fund seeks to achieve this investment objective by investing solely in the FTSE 100 Index Fund (the "Underlying Fund"), a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds which is also authorised by the SFC (SFC authorisation is not a recommendation or endorsement of the Underlying Fund nor does it guarantee the commercial merits of the Underlying Fund or its performance. It does not mean the Underlying Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.), and having as its investment objective to provide long term capital growth by matching the return of the UK Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the UK Index particularly on a day-to-day basis and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information on the Underlying Fund and the UK Index.

Change of Underlying Fund

In future, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from

the Underlying Fund.

Change from feeder fund to direct investment fund

In future, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be US\$70 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Where the Manager elects to invest the Fund directly, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio. The Manager will normally appoint its associate companies as sub-advisors; however, if any third party which is not an associate is to be appointed, prior SFC approval will be sought.

Change from direct investment fund to feeder fund

Subsequent to the Fund having switched to a direct investment fund, the Manager may elect to change it to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be US\$50 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund.

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Distribution Policy

The Manager has an absolute discretion to decide whether or not to make distributions to Unitholders out of the Fund, the frequency of the distributions (if any) and the time for the distributions (if any). In determining the amount of distributions (if any), the Manager will have regard to the net income of the Fund and any realised and unrealised capital gains.

Each distribution from the Fund will normally be reinvested in the subscription of further Units of the Fund unless a Unitholder requests that such distribution be made in the form of cash payment.

Issue of Units

Only Class A Units are available for issue.

Units will be available for issue on each Dealing Day. A Dealing Day is any day which is both (i) a Business Day, and (ii) a dealing day for the Underlying Fund or where the Fund invests directly in stocks, a day on which the principal market for such stocks is open for trading.

To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00

p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

The Manager reserves the right not to accept in whole or in part an application for Units on a Dealing Day at its discretion given the Fund's subscription application for shares in the Underlying Fund may be rejected by the Underlying Fund pursuant to the provisions of its offering document. Where such application for Units in whole or in part is not accepted on a Dealing Day, the whole or that part of the application to which the subscription for Units relates will be carried forward for processing on the next Dealing Day. If all or part of a subscription application is so carried forward, the Manager will inform the applicant concerned accordingly.

Payment for Units being applied for, together with any preliminary charge, is due within 2 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time prior to the calculation of the Net Asset Value of the Fund on that Dealing Day as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

The Manager reserves the right not to accept in whole or in part an application for redemption and/or switching of Units on a Dealing Day at its discretion given the Fund's redemption application for shares in the Underlying Fund may be rejected by the Underlying Fund pursuant to the provisions of its offering document. Where such application in whole or in part is not accepted on a Dealing Day, the whole or that part of the application to which the relevant redemption and/or switching of Units relate will be

carried forward for process on the next Dealing Day. If all or part of an application is so carried forward, the Manager will inform the Unitholders concerned accordingly.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the aggregate management fees, the Administration Fee and Trustee Fee of the Fund, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Aggregate management fees payable to the Manager of the Fund and to the manager of the Underlying Fund	Class A	Up to 1.0% (currently 0.75%)
Administration Fee payable to the Manager of the Fund	Class A	Not Applicable
Trustee Fee of the Fund	Class A	Calculated on a sliding scale as follows:- Up to 0.06% in respect of Net Asset Value up to US\$25,000,000 Up to 0.05% in respect of Net Asset Value in excess of US\$25,000,000

Notes:

1. The Underlying Fund is a sub-fund of HSBC Index Tracker Investment Funds.
2. The current management fee payable to the Manager of the Fund is 0.65% per annum of the Net Asset Value of the Fund (while the maximum rate that can be charged is 1.0%). The management fee remunerates the Manager in respect of the services it provides to the Fund including managing foreign exchange dealings in relation to the investment of the Fund into the Underlying Fund, managing the tracking error of the Fund and providing after sales services since the Underlying Fund is not available to the public in Hong Kong. As such, the management fee charged by the Manager relates to services provided by the Manager which are different from and additional to those provided by the manager of the Underlying Fund.
3. The current management fee for the Underlying Fund is 0.10% per annum of the net asset value of the Underlying Fund.
4. One month's prior notice will be given to Unitholders should the management fee be increased, including but not limited to by reason of an increase in fees at the Underlying Fund level.
5. Each of the above aggregate management fees, the Administration Fee and Trustee Fee of the Fund is calculated and accrue on each Dealing Day and are payable monthly in arrears.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons but the Fund will bear any such charges levied on investment in other collective investment schemes.

The following fees will be disclosed in the annual financial reports for the Fund:-

- (1) For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) and the maximum aggregate trustee fees payable to the Trustee and the trustee of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) during the reporting financial period expressed as a percentage per annum of the Net Asset Value of the Fund;
- (2) where the Fund is changed to a direct investment fund, the management fee paid to the Manager (inclusive of any sub-advisor's fee, if applicable) and the trustee fee paid to the Trustee.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

There can be no assurance that the performance of the Fund will be identical to the performance of the Index due to many factors and circumstances.

Risks relating to the fund structure

As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to such risks to which the Underlying Fund is subject as mentioned under "Risks of Investing in the Underlying Fund" in Appendix 1, including the following:-

Tracking Error Risk

Tracking error may arise due to, including but not limited to, the following circumstances:

- (1) timing differences associated with portfolio re-balancing by the Underlying Fund as against a change in constituent stocks of the UK Index as well as the time lag between valuation of the Underlying Fund and the closing of the UK Index;
- (2) the use of the relevant techniques or futures or other derivative positions by the Underlying Fund to gain exposure to the UK Index;
- (3) the inabilities of the Underlying Fund to invest in all securities comprising the UK Index at times

due to temporary unavailability of certain securities;

- (4) different currency denominations between the Fund, the Underlying Fund and investments of the Underlying Fund such that exchange rate movements may affect the value of the Fund favorably or unfavorably, separately from gains or losses otherwise made by tracking the capital performance of the UK Index;
- (5) fees and expenses of the Fund and the Underlying Fund;
- (6) the "dilution adjustment" that may be made to the share price of the Underlying Fund in certain circumstances including where the aggregate transactions in shares of all classes in the Underlying Fund result in a net increase or decrease of shares which exceed the pre-determined threshold as set out in the offering document of the Underlying Fund (in such cases, the dilution adjustment amount will be an addition to the issue price when it results in a net increase of shares of the Underlying Fund and a deduction from the redemption price when it results in a net decrease);
- (7) inability of the Fund to subscribe for or redeem such number of shares in the Underlying Fund on any particular day upon the Underlying Fund's exercise its power pursuant to its offering document, to reject the relevant subscription or redemption application of the Fund for such shares in the Underlying Fund; and
- (8) other extraordinary circumstances.

As disclosed in the offering documents of the Underlying Fund, the manager of the Underlying Fund will make every effort to take the most appropriate investment policy to minimize the tracking error. Nevertheless, there can be no guarantee that any specific tracking error can be avoided.

Passive Investment Risk

The Underlying Fund may not be able to adapt to market changes due to the inherent investment nature of index funds. Hence, any fall in the UK Index will result in corresponding fall in the value of the Underlying Fund, and a fall in the value of the Fund.

The composition of the UK Index may change and stocks currently comprising the UK Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the UK Index.

Concentration Risk

There is a high concentration risk. The investments of the Underlying Fund concentrate in a single country. The Underlying Fund is therefore likely to be more volatile than a diversified fund across more countries as it is more susceptible to adverse conditions in that particular country.

Investment Restrictions

For so long as the Fund invests solely in the Underlying Fund, the Fund is subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Where the Fund is changed to a direct investment fund, the Fund will be subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Where the Fund is changed to a direct investment fund, the Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The HSBC Index Tracker Investment Funds - FTSE 100 Index Fund (the "Underlying Fund")

The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds having as its investment objective to provide long term capital growth by matching the return of the FTSE 100 Index (the "UK Index"). The investment policy of the Underlying Fund is to invest in companies that make up the UK Index. The manager of the Underlying Fund reserves the right to exercise the full powers of the Underlying Fund in relation to borrowing and efficient portfolio management as and when it considers that the circumstances which then exist make it appropriate to do so. The scheme property of the Underlying Fund may also not consist of the exact composition and weighting of the underlying in the UK Index in circumstances where the manager of the Underlying Fund determines that this is expedient for reasons of poor liquidity or excessive cost to the Underlying Fund. The Underlying Fund is currently fully replicating the UK Index. The Prospectus and the Hong Kong Covering Document of the Underlying Fund are available for reference upon request.

Where it is not possible to invest in a stock such that the amount held by the Underlying Fund is consistent with that stock's weighting within the UK Index, then additional exposure to the stock will be sought by investing in transferable securities (which may or may not be constituents of the UK Index) which themselves aim to closely replicate the performance of the stock or which it is expected will perform in a similar way to that stock, subject to any restrictions that the Underlying Fund is subject. Such transferable securities may include debt instruments designed to replicate the performance of the stock in question. There is a risk that the stocks selected will not accurately replicate the return of the UK Index.

Risks of Investing in the Underlying Fund

Whilst the investment objective of both the Fund and the Underlying Fund is to match the return of the UK Index, there is no guarantee that the performance of the Fund, at any time, will exactly replicate the performance of the UK Index.

As the Fund invests solely in the Underlying Fund, the Fund is exposed to such risks to which the Underlying Fund is subject including the following (as disclosed in the offering document of the Underlying Fund):

- There is no guarantee that the Underlying Fund will, at any time, be able to exactly replicate the performance of the UK Index. Although the manager of the Underlying Fund will make every effort to minimise tracking error, the avoidance of any specific error cannot be guaranteed. Tracking error is likely to be greatest during extreme market volatility and when specific events affecting the largest constituent stocks of the UK Index happen. None of the Manager of the Fund, the Underlying Fund, or any of the service providers of the Underlying Fund shall be liable to any other person for any tracking error in relation to the UK Index.
- The Underlying Fund currently holds all the stocks comprising the UK Index which it tracks. Tracking error is minimised by comparing the weights of the stocks in the Underlying Fund to the weights of the stocks in the UK Index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock's weight in the Underlying Fund differs from its weight in the UK Index by more than a specified tolerance, then shares in this stock will be bought or sold in order to give the stock a UK Index weighting. Cash arising from sales will either be retained by the Underlying Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by the Underlying Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by the Underlying Fund will be kept as low as is practicable.
- The price of shares in the Underlying Fund, and the income from them, if any, may go down as well as up. In addition, the Underlying Fund may not be able to adapt to market changes due to the

inherent investment nature of index funds. Hence, any fall in the UK Index may result in a corresponding fall in the value of the Underlying Fund, hence a fall in the value of the Fund.

- The investments of the Underlying Fund may be concentrated in one or two stocks in the event that the UK Index is so concentrated. As such, the performance of the Fund may be significantly affected by such constituent stocks of the UK Index.
- Investments of the Underlying Fund may be denominated in currencies other than the base currency of the Underlying Fund and exchange rate movements may affect the value of the Underlying Fund favorably or unfavorably, separately from gains or losses otherwise made from such investments of the Underlying Fund.
- In the event that the UK Index becomes unavailable for use, the manager of the Underlying Fund will discuss with its indexation sub-advisor whether the Underlying Fund should either (i) be maintained in its current structure until such time as the UK Index is again available; or (ii) be restructured to track another index which has similar objectives to the UK Index. A replacement of the UK Index may only be made in accordance with the provisions of the constitutive document of the HSBC Index Tracker Investment Funds and the Fund, and with the prior approval of the SFC. The SFC reserves the right to withdraw the authorisation of the Underlying Fund and the Fund if the UK Index is no longer considered to be acceptable to the SFC.
- In the event of the termination of the Underlying Fund, the manager of the Underlying Fund would have to distribute to the investors their pro rata interest in the assets of the Underlying Fund. It is possible that at the time of such distribution, certain investments held by the Underlying Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the investors.

The FTSE 100 Index (the "UK Index")

As at 3 March 2015, the UK Index consists of the top 101 stocks in market capitalisation in the United Kingdom. The largest sector is the Financials sector with weighting of 22.20%, followed by the Consumer Goods sector with weighting of 17.01%.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the UK Index were:

Ranking	Stock Name	Weighting (%)
1	HSBC Holdings	6.32
2	BP	4.67
3	Royal Dutch Shell - A	4.60
4	GlaxoSmithKline	4.30
5	British American Tobacco	4.01
6	Vodafone Group	3.41
7	AstraZeneca	3.19
8	Royal Dutch Shell - B	3.00
9	Diageo	2.74
10	Lloyds Banking Group	2.45

Investors may obtain the latest index information and other important news of the UK Index from Reuters or Bloomberg. Investors may obtain a brief description of the index rules for the UK Index from the website of the index provider, FTSE International Limited at www.ftse.com.

The Manager, the manager of the Underlying Fund and their connected persons are independent of the index provider, FTSE International Limited.

Please note:-

The composition of the UK Index may change from time to time and stocks currently comprising the UK Index may subsequently be delisted and other stocks added to form part of the UK Index. Such changes are beyond the control of the Manager of the Fund, the Underlying Fund or any of the service providers of the Underlying Fund.

There is a possibility that the UK Index may be wrongly calculated due to the use of incorrect data and/or a virus contaminating the index calculation software. There is also a possibility that the calculation of the UK Index may be incomplete due to technical failure during such calculation. However, the manager of the Underlying Fund considers that the index provider for the Underlying Fund - FTSE International Limited - is one of the most reputable index providers in the world and that the likelihood of there being any circumstances which cause an inaccurate or incomplete calculation is negligible.

Index Disclaimer

Hang Seng UK Index Fund (the "Fund") is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or the London Stock Exchange Group companies ("LSEG") (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE 100 Index ("the UK Index") (upon which the Fund is based), (ii) the figure at which the UK Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the UK Index for the purpose to which it is being put in connection with the Fund. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the UK Index to Hang Seng Investment Management Limited or to its clients. The UK Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the UK Index or (b) under any obligation to advise any person of any error therein.

All rights in the UK Index vest in FTSE. "FTSE®" is a trade mark of LSEG and is used by FTSE under licence.

Index Fund Series

HANG SENG CONTINENTAL EUROPEAN INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Continental European Index Fund (the "Fund") is to match the return of the FTSE Developed Europe ex UK Index (the "Continental European Index"). The Fund seeks to achieve this investment objective by investing solely in the European Index Fund (the "Underlying Fund"), a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds which is also authorised by the SFC (SFC authorisation is not a recommendation or endorsement of the Underlying Fund nor does it guarantee the commercial merits of the Underlying Fund or its performance. It does not mean the Underlying Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.), and having as its investment objective to provide long term capital growth by matching the return of the Continental European Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Continental European Index particularly on a day-to-day basis and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information on the Underlying Fund and the Continental European Index.

Change of Underlying Fund

In future, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

In future, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be US\$70 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Where the Manager elects to invest the Fund directly, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio. The Manager will normally appoint its associate companies as sub-advisors; however, if any third party which is not an associate is to be appointed, prior SFC approval will be sought.

Change from direct investment fund to feeder fund

Subsequent to the Fund having switched to a direct investment fund, the Manager may elect to change it to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be US\$50 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund.

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Distribution Policy

The Manager has an absolute discretion to decide whether or not to make distributions to Unitholders out of the Fund, the frequency of the distributions (if any) and the time for the distributions (if any). In determining the amount of distributions (if any), the Manager will have regard to the net income of the Fund and any realised and unrealised capital gains.

Each distribution from the Fund will normally be reinvested in the subscription of further Units of the Fund unless a Unitholder requests that such distribution be made in the form of cash payment.

Issue of Units

Only Class A Units are available for issue.

Units will be available for issue on each Dealing Day. A Dealing Day is any day which is both (i) a

Business Day, and (ii) a dealing day for the Underlying Fund or where the Fund invests directly in stocks, a day on which the principal market for such stocks is open for trading.

To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

The Manager reserves the right not to accept in whole or in part an application for Units on a Dealing Day at its discretion given the Fund's subscription application for shares in the Underlying Fund may be rejected by the Underlying Fund pursuant to the provisions of its offering document. Where such application for Units in whole or in part is not accepted on a Dealing Day, the whole or that part of the application to which the subscription for Units relates will be carried forward for processing on the next Dealing Day. If all or part of a subscription application is so carried forward, the Manager will inform the applicant concerned accordingly.

Payment for Units being applied for, together with any preliminary charge, is due within 2 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time prior to the calculation of the Net Asset Value of the Fund on that Dealing Day as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

The Manager reserves the right not to accept in whole or in part an application for redemption and/or

switching of Units on a Dealing Day at its discretion given the Fund's redemption application for shares in the Underlying Fund may be rejected by the Underlying Fund pursuant to the provisions of its offering document. Where such application in whole or in part is not accepted on a Dealing Day, the whole or that part of the application to which the relevant redemption and/or switching of Units relate will be carried forward for process on the next Dealing Day. If all or part of an application is so carried forward, the Manager will inform the Unitholders concerned accordingly.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the aggregate management fees, the Administration Fee and Trustee Fee of the Fund, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Aggregate management fees payable to the Manager of the Fund and to the manager of the Underlying Fund	Class A	Up to 1.0% (currently 0.75%)
Administration Fee payable to the Manager of the Fund	Class A	Not Applicable
Trustee Fee of the Fund	Class A	Calculated on a sliding scale as follows:- Up to 0.06% in respect of Net Asset Value up to US\$25,000,000 Up to 0.05% in respect of Net Asset Value in excess of US\$25,000,000

Notes:

1. The Underlying Fund is a sub-fund of HSBC Index Tracker Investment Funds.
2. The current management fee payable to the Manager of the Fund is 0.65% per annum of the Net Asset Value of the Fund (while the maximum rate that can be charged is 1.0%). The management fee remunerates the Manager in respect of the services it provides to the Fund including managing foreign exchange dealings in relation to the investment of the Fund into the Underlying Fund, managing the tracking error of the Fund and providing after sales services since the Underlying Fund is not available to the public in Hong Kong. As such, the management fee charged by the Manager relates to services provided by the Manager which are different from and additional to those provided by the manager of the Underlying Fund.
3. The current management fee for the Underlying Fund is 0.10% per annum of the net asset value of the Underlying Fund.
4. One month's prior notice will be given to Unitholders should the management fee be increased, including but not limited to by reason of an increase in fees at the Underlying Fund level.
5. Each of the above aggregate management fees, the Administration Fee and Trustee Fee of the Fund is calculated and accrue on each Dealing Day and are payable monthly in arrears.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons but the Fund will bear any such charges levied on investment in other collective investment schemes.

The following fees will be disclosed in the annual financial reports for the Fund:-

- (1) For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) and the maximum aggregate trustee fees payable to the Trustee and the trustee of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) during the reporting financial period expressed as a percentage per annum of the Net Asset Value of the Fund;
- (2) where the Fund is changed to a direct investment fund, the management fee paid to the Manager (inclusive of any sub-advisor's fee, if applicable) and the trustee fee paid to the Trustee.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

There can be no assurance that the performance of the Fund will be identical to the performance of the Index due to many factors and circumstances.

Risks relating to the fund structure

As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to such risks to which the Underlying Fund is subject as mentioned under "Risks of Investing in the Underlying Fund" in Appendix 1, including the following:-

Tracking Error Risk

Tracking error may arise due to, including but not limited to, the following circumstances:

- (1) timing differences associated with portfolio re-balancing by the Underlying Fund as against a change in constituent stocks of the Continental European Index as well as the time lag between valuation of the Underlying Fund and the closing of the Continental European Index;
- (2) the use of the relevant techniques or futures or other derivative positions by the Underlying Fund to gain exposure to the Continental European Index;
- (3) the inabilities of the Underlying Fund to invest in all securities comprising the Continental European Index at times due to temporary unavailability of certain securities;
- (4) different currency denominations between the Fund, the Underlying Fund and investments of the Underlying Fund such that exchange rate movements may affect the value of the Fund favorably or unfavorably, separately from gains or losses otherwise made by tracking the capital performance of the Continental European Index;
- (5) fees and expenses of the Fund and the Underlying Fund;
- (6) the "dilution adjustment" that may be made to the share price of the Underlying Fund in certain circumstances including where the aggregate transactions in shares of all classes in the Underlying Fund result in a net increase or decrease of shares which exceed the pre-determined threshold as set out in the offering document of the Underlying Fund (in such cases, the dilution adjustment amount will be an addition to the issue price when it results in a net increase of shares of the Underlying Fund and a deduction from the redemption price when it results in a net decrease);
- (7) inability of the Fund to subscribe for or redeem such number of shares in the Underlying Fund on any particular day upon the Underlying Fund's exercise its power pursuant to its offering document, to reject the relevant subscription or redemption application of the Fund for such shares in the Underlying Fund; and
- (8) other extraordinary circumstances.

As disclosed in the offering documents of the Underlying Fund, the manager of the Underlying Fund will make every effort to take the most appropriate investment policy to minimize the tracking error. Nevertheless, there can be no guarantee that any specific tracking error can be avoided.

Passive Investment Risk

The Underlying Fund may not be able to adapt to market changes due to the inherent investment nature of index funds. Hence, any fall in the Continental European Index will result in corresponding fall in the value of the Underlying Fund, and a fall in the value of the Fund.

The composition of the Continental European Index may change and stocks currently comprising the Continental European Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Continental European Index.

Concentration Risk

There is a high concentration risk. The investments of the Underlying Fund concentrate in European developed markets excluding the United Kingdom. The Underlying Fund is therefore likely to be more volatile than a diversified fund across more markets as it is more susceptible to adverse conditions in those particular markets.

Investment Restrictions

For so long as the Fund invests solely in the Underlying Fund, the Fund is subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions"

section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Where the Fund is changed to a direct investment fund, the Fund will be subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Where the Fund is changed to a direct investment fund, the Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The HSBC Index Tracker Investment Funds - European Index Fund (the "Underlying Fund")

The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds having as its investment objective to provide long term capital growth by matching the return of the FTSE Developed Europe ex UK Index (the "Continental European Index"). The investment policy of the Underlying Fund is to invest in companies that make up the Continental European Index. The manager of the Underlying Fund reserves the right to exercise the full powers of the Underlying Fund in relation to borrowing and efficient portfolio management as and when it considers that the circumstances which then exist make it appropriate to do so. The scheme property of the Underlying Fund may also not consist of the exact composition and weighting of the underlying in the Continental European Index in circumstances where the manager of the Underlying Fund determines that this is expedient for reasons of poor liquidity or excessive cost to the Underlying Fund. The Underlying Fund is currently fully replicating the Continental European Index. The Prospectus and the Hong Kong Covering Document of the Underlying Fund are available for reference upon request.

Where it is not possible to invest in a stock such that the amount held by the Underlying Fund is consistent with that stock's weighting within the Continental European Index, then additional exposure to the stock will be sought by investing in transferable securities (which may or may not be constituents of the Continental European Index) which themselves aim to closely replicate the performance of the stock or which it is expected will perform in a similar way to that stock, subject to any restrictions that the Underlying Fund is subject. Such transferable securities may include debt instruments designed to replicate the performance of the stock in question. There is a risk that the stocks selected will not accurately replicate the return of the Continental European Index.

Risks of Investing in the Underlying Fund

Whilst the investment objective of both the Fund and the Underlying Fund is to match the return of the Continental European Index, there is no guarantee that the performance of the Fund, at any time, will exactly replicate the performance of the Continental European Index.

As the Fund invests solely in the Underlying Fund, the Fund is exposed to such risks to which the Underlying Fund is subject including the following (as disclosed in the offering document of the Underlying Fund):

- There is no guarantee that the Underlying Fund will, at any time, be able to exactly replicate the performance of the Continental European Index. Although the manager of the Underlying Fund will make every effort to minimise tracking error, the avoidance of any specific error cannot be guaranteed. Tracking error is likely to be greatest during extreme market volatility and when specific events affecting the largest constituent stocks of the Continental European Index happen. None of the Manager of the Fund, the Underlying Fund, or any of the service providers of the Underlying Fund shall be liable to any other person for any tracking error in relation to the Continental European Index.]
- The Underlying Fund currently holds all the stocks comprising the Continental European Index which it tracks. Tracking error is minimised by comparing the weights of the stocks in the Underlying Fund to the weights of the stocks in the Continental European Index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock's weight in the Underlying Fund differs from its weight in the Continental European Index by more than a specified tolerance, then shares in this stock will be bought or sold in order to give the stock a Continental European Index weighting. Cash arising from sales will either be retained by the Underlying Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by the Underlying Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by the Underlying Fund will be kept as low as is practicable.

- The Underlying Fund has investment exposure to Europe in the context of its investment objective and strategy and, in light of the fiscal conditions and concerns on sovereign debt of certain European countries, the Underlying Fund may be subject to a number of risks arising from a potential crisis in Europe. The risks are present both in respect of direct investment exposure (for example if the Underlying Fund holds a security issued by a sovereign issuer and that issuer suffers a downgrade or defaults) and indirect investment exposure, such as the Underlying Fund facing an increased amount of volatility, liquidity, price and currency risk associated with investments in Europe.
- Should any country cease using the Euro as its local currency or should a collapse of the Eurozone monetary union occur, such countries may revert back to their former (or another) currency, which may lead to additional performance, legal and operational risks to the Underlying Fund and may ultimately negatively impact the value of the Underlying Fund. The performance and value of the Underlying Fund may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential European crisis that adversely affect the performance and value of the Underlying Fund. As a result, the performance and value of the Fund may be adversely affected.
- The price of shares in the Underlying Fund, and the income from them, if any, may go down as well as up. In addition, the Underlying Fund may not be able to adapt to market changes due to the inherent investment nature of index funds. Hence, any fall in the Continental European Index may result in a corresponding fall in the value of the Underlying Fund, hence a fall in the value of the Fund.
- The investments of the Underlying Fund may be concentrated in one or two stocks in the event that the Continental European Index is so concentrated. As such, the performance of the Fund may be significantly affected by such constituent stocks of the Continental European Index.
- Investments of the Underlying Fund may be denominated in currencies other than the base currency of the Underlying Fund and exchange rate movements may affect the value of the Underlying Fund favorably or unfavorably, separately from gains or losses otherwise made from such investments of the Underlying Fund.
- In the event that the Continental European Index becomes unavailable for use, the manager of the Underlying Fund will discuss with its indexation sub-advisor whether the Underlying Fund should either (i) be maintained in its current structure until such time as the Continental European Index is again available; or (ii) be restructured to track another index which has similar objectives to the Continental European Index. A replacement of the Continental European Index may only be made in accordance with the provisions of the constitutive document of the HSBC Index Tracker Investment Funds and the Fund, and with the prior approval of the SFC. The SFC reserves the right to withdraw the authorisation of the Underlying Fund and the Fund if the Continental European Index is no longer considered to be acceptable to the SFC.
- In the event of the termination of the Underlying Fund, the manager of the Underlying Fund would have to distribute to the investors their pro rata interest in the assets of the Underlying Fund. It is possible that at the time of such distribution, certain investments held by the Underlying Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the investors.

The FTSE Developed Europe ex UK Index (the "Continental European Index")

As at 3 March 2015, the Continental European Index consists of 391 stocks in 15 European developed markets excluding the United Kingdom, namely, Austria, Belgium, Denmark, Finland, France, Germany,

Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden and Switzerland. The largest sector is the Financials sector with weighting of 22.28%, followed by the Consumer Goods sector with weighting of 19.39%.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Continental European Index were:

Ranking	Stock Name	Weighting (%)
1	Nestle	4.20
2	Novartis (REGD)	3.91
3	Roche Hldgs (GENUS)	3.22
4	Bayer AG	2.06
5	Sanofi	1.87
6	Total	1.81
7	Anheuser-Busch InBev	1.71
8	Banco Santander	1.68
9	Novo-Nordisk B	1.56
10	Daimler AG	1.55

Investors may obtain the latest index information and other important news of the Continental European Index from Reuters or Bloomberg. Investors may obtain a brief description of the index rules for the Continental European Index from the website of the index provider, FTSE International Limited at www.ftse.com.

The Manager, the manager of the Underlying Fund and their connected persons are independent of the index provider, FTSE International Limited.

Please note:-

The composition of the Continental European Index may change from time to time and stocks currently comprising the Continental European Index may subsequently be delisted and other stocks added to form part of the Continental European Index. Such changes are beyond the control of the Manager of the Fund, the Underlying Fund or any of the service providers of the Underlying Fund.

There is a possibility that the Continental European Index may be wrongly calculated due to the use of incorrect data and/or a virus contaminating the index calculation software. There is also a possibility that the calculation of the Continental European Index may be incomplete due to technical failure during such calculation. However, the manager of the Underlying Fund considers that the index provider for the Underlying Fund - FTSE International Limited - is one of the most reputable index providers in the world and that the likelihood of there being any circumstances which cause an inaccurate or incomplete calculation is negligible.

Index Disclaimer

Hang Seng Continental European Index Fund (the "Fund") is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or the London Stock Exchange Group companies ("LSEG") (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE Developed Europe ex UK Index ("the Continental European Index") (upon which the Fund is based), (ii) the figure at which the Continental European Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Continental European Index for the purpose to which it is being put in connection with the Fund. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Continental European Index to Hang Seng Investment Management Limited or to its clients. The Continental European Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a)

liable (whether in negligence or otherwise) to any person for any error in the Continental European Index or (b) under any obligation to advise any person of any error therein.

All rights in the Continental European Index vest in FTSE. "FTSE®" is a trade mark of LSEG and is used by FTSE under licence.

Index Fund Series

HANG SENG JAPAN INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Japan Index Fund (the "Fund") is to match the return of the FTSE Japan Index (the "Japan Index"). The Fund seeks to achieve this investment objective by investing solely in the Japan Index Fund (the "Underlying Fund"), a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds which is also authorised by the SFC (SFC authorisation is not a recommendation or endorsement of the Underlying Fund nor does it guarantee the commercial merits of the Underlying Fund or its performance. It does not mean the Underlying Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.), and having as its investment objective to provide long term capital growth by matching the return of the Japan Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Japan Index particularly on a day-to-day basis and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information on the Underlying Fund and the Japan Index.

Change of Underlying Fund

In future, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

In future, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be US\$70 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Where the Manager elects to invest the Fund directly, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio. The Manager will normally appoint its associate companies as sub-advisors; however, if any third party which is not an associate is to be appointed, prior SFC approval will be sought.

Change from direct investment fund to feeder fund

Subsequent to the Fund having switched to a direct investment fund, the Manager may elect to change it to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be US\$50 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund.

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Distribution Policy

The Manager has an absolute discretion to decide whether or not to make distributions to Unitholders out of the Fund, the frequency of the distributions (if any) and the time for the distributions (if any). In determining the amount of distributions (if any), the Manager will have regard to the net income of the Fund and any realised and unrealised capital gains.

Each distribution from the Fund will normally be reinvested in the subscription of further Units of the Fund unless a Unitholder requests that such distribution be made in the form of cash payment.

Issue of Units

Only Class A Units are available for issue.

Units will be available for issue on each Dealing Day. A Dealing Day is any day which is both (i) a

Business Day, (ii) a dealing day for the Underlying Fund and (iii) a day on which the stock exchanges for the constituent stocks of the Japan Index are open for trading.

To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

The Manager reserves the right not to accept in whole or in part an application for Units on a Dealing Day at its discretion given the Fund's subscription application for shares in the Underlying Fund may be rejected by the Underlying Fund pursuant to the provisions of its offering document. Where such application for Units in whole or in part is not accepted on a Dealing Day, the whole or that part of the application to which the subscription for Units relates will be carried forward for processing on the next Dealing Day. If all or part of a subscription application is so carried forward, the Manager will inform the applicant concerned accordingly.

Payment for Units being applied for, together with any preliminary charge, is due within 2 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time prior to the calculation of the Net Asset Value of the Fund on that Dealing Day as the Manager from time to time may determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

The Manager reserves the right not to accept in whole or in part an application for redemption and/or switching of Units on a Dealing Day at its discretion given the Fund's redemption application for shares in the Underlying Fund may be rejected by the Underlying Fund pursuant to the provisions of its offering document. Where such application in whole or in part is not accepted on a Dealing Day, the whole or that part of the application to which the relevant redemption and/or switching of Units relate will be carried forward for process on the next Dealing Day. If all or part of an application is so carried forward, the Manager will inform the Unitholders concerned accordingly.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the aggregate management fees, the Administration Fee and Trustee Fee of the Fund, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Aggregate management fees payable to the Manager of the Fund and to the manager of the Underlying Fund	Class A	Up to 1.0% (currently 0.75%)
Administration Fee payable to the Manager of the Fund	Class A	Not Applicable
Trustee Fee of the Fund	Class A	Calculated on a sliding scale as follows:- Up to 0.06% in respect of Net Asset Value up to US\$25,000,000 Up to 0.05% in respect of Net Asset Value in excess of US\$25,000,000

Notes:

1. The Underlying Fund is a sub-fund of HSBC Index Tracker Investment Funds.
2. The current management fee payable to the Manager of the Fund is 0.65% per annum of the Net Asset Value of the Fund (while the maximum rate that can be charged is 1.0%). The management fee remunerates the Manager in respect of the services it provides to the Fund including managing foreign exchange dealings in relation to the investment of the Fund into the Underlying Fund, managing the tracking error of the Fund and providing after sales services since the Underlying Fund is not available to the public in Hong Kong. As such, the management fee charged by the Manager relates to services provided by the Manager which are different from and additional to those provided by the manager of the Underlying Fund.
3. The current management fee for the Underlying Fund is 0.10% per annum of the net asset value of the Underlying Fund.
4. One month's prior notice will be given to Unitholders should the management fee be increased,

including but not limited to by reason of an increase in fees at the Underlying Fund level.

5. Each of the above aggregate management fees, the Administration Fee and Trustee Fee of the Fund is calculated and accrue on each Dealing Day and are payable monthly in arrears.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons but the Fund will bear any such charges levied on investment in other collective investment schemes.

The following fees will be disclosed in the annual financial reports for the Fund:-

- (1) For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) and the maximum aggregate trustee fees payable to the Trustee and the trustee of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) during the reporting financial period expressed as a percentage per annum of the Net Asset Value of the Fund;
- (2) where the Fund is changed to a direct investment fund, the management fee paid to the Manager (inclusive of any sub-advisor's fee, if applicable) and the trustee fee paid to the Trustee.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

There can be no assurance that the performance of the Fund will be identical to the performance of the Index due to many factors and circumstances.

Risks relating to the fund structure

As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to such risks to which the Underlying Fund is subject as mentioned under "Risks of Investing in the Underlying Fund" in Appendix 1, including the following:-

Tracking Error Risk

Tracking error may arise due to, including but not limited to, the following circumstances:

- (1) timing differences associated with portfolio re-balancing by the Underlying Fund as against a change in constituent stocks of the Japan Index as well as the time lag between valuation of the Underlying Fund and the closing of the Japan Index;
- (2) the use of the relevant techniques or futures or other derivative positions by the Underlying Fund to gain exposure to the Japan Index;
- (3) the inabilities of the Underlying Fund to invest in all securities comprising the Japan Index at times due to temporary unavailability of certain securities;
- (4) different currency denominations between the Fund, the Underlying Fund and investments of the Underlying Fund such that exchange rate movements may affect the value of the Fund favorably or unfavorably, separately from gains or losses otherwise made by tracking the capital performance of the Japan Index;
- (5) fees and expenses of the Fund and the Underlying Fund;
- (6) the “dilution adjustment” that may be made to the share price of the Underlying Fund in certain circumstances including where the aggregate transactions in shares of all classes in the Underlying Fund result in a net increase or decrease of shares which exceed the pre-determined threshold as set out in the offering document of the Underlying Fund (in such cases, the dilution adjustment amount will be an addition to the issue price when it results in a net increase of shares of the Underlying Fund and a deduction from the redemption price when it results in a net decrease);
- (7) inability of the Fund to subscribe for or redeem such number of shares in the Underlying Fund on any particular day upon the Underlying Fund’s exercise its power pursuant to its offering document, to reject the relevant subscription or redemption application of the Fund for such shares in the Underlying Fund; and
- (8) other extraordinary circumstances.

As disclosed in the offering documents of the Underlying Fund, the manager of the Underlying Fund will make every effort to take the most appropriate investment policy to minimize the tracking error. Nevertheless, there can be no guarantee that any specific tracking error can be avoided.

Passive Investment Risk

The Underlying Fund may not be able to adapt to market changes due to the inherent investment nature of index funds. Hence, any fall in the Japan Index will result in corresponding fall in the value of the Underlying Fund, and a fall in the value of the Fund.

The composition of the Japan Index may change and stocks currently comprising the Japan Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Japan Index.

Concentration Risk

There is a high concentration risk. The investments of the Underlying Fund concentrate in a single country. The Underlying Fund is therefore likely to be more volatile than a diversified fund across more countries as it is more susceptible to adverse conditions in that particular country.

Investment Restrictions

For so long as the Fund invests solely in the Underlying Fund, the Fund is subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Where the Fund is changed to a direct investment fund, the Fund will be subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Where the Fund is changed to a direct investment fund, the Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The HSBC Index Tracker Investment Funds Japan Index Fund (the "Underlying Fund")

The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds having as its investment objective to provide long term capital growth by matching the return of the FTSE Japan Index (the "Japan Index"). The investment policy of the Underlying Fund is to invest in companies that make up the Japan Index. The manager of the Underlying Fund reserves the right to exercise the full powers of the Underlying Fund in relation to borrowing and efficient portfolio management as and when it considers that the circumstances which then exist make it appropriate to do so. The scheme property of the Underlying Fund may also not consist of the exact composition and weighting of the underlying in the Japan Index in circumstances where the manager of the Underlying Fund determines that this is expedient for reasons of poor liquidity or excessive cost to the Underlying Fund. The Underlying Fund is currently fully replicating the Japan Index. The Prospectus and the Hong Kong Covering Document of the Underlying Fund are available for reference upon request.

Where it is not possible to invest in a stock such that the amount held by the Underlying Fund is consistent with that stock's weighting within the Japan Index, then additional exposure to the stock will be sought by investing in transferable securities (which may or may not be constituents of the Japan Index) which themselves aim to closely replicate the performance of the stock or which it is expected will perform in a similar way to that stock, subject to any restrictions that the Underlying Fund is subject. Such transferable securities may include debt instruments designed to replicate the performance of the stock in question. There is a risk that the stocks selected will not accurately replicate the return of the Japan Index.

Risks of Investing in the Underlying Fund

Whilst the investment objective of both the Fund and the Underlying Fund is to match the return of the Japan Index, there is no guarantee that the performance of the Fund, at any time, will exactly replicate the performance of the Japan Index.

As the Fund invests solely in the Underlying Fund, the Fund is exposed to such risks to which the Underlying Fund is subject including the following (as disclosed in the offering document of the Underlying Fund):

- There is no guarantee that the Underlying Fund will, at any time, be able to exactly replicate the performance of the Japan Index. Although the manager of the Underlying Fund will make every effort to minimise tracking error, the avoidance of any specific error cannot be guaranteed. Tracking error is likely to be greatest during extreme market volatility and when specific events affecting the largest constituent stocks of the Japan Index happen. None of the Manager of the Fund, the Underlying Fund, or any of the service providers of the Underlying Fund shall be liable to any other person for any tracking error in relation to the Japan Index.
- The Underlying Fund currently holds all the stocks comprising the Japan Index which it tracks. Tracking error is minimised by comparing the weights of the stocks in the Underlying Fund to the weights of the stocks in the Japan Index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock's weight in the Underlying Fund differs from its weight in the Japan Index by more than a specified tolerance, then shares in this stock will be bought or sold in order to give the stock a Japan Index weighting. . Cash arising from sales will either be retained by the Underlying Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by the Underlying Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by the Underlying Fund

will be kept as low as is practicable. .

- The price of shares in the Underlying Fund, and the income from them, if any, may go down as well as up. In addition, the Underlying Fund may not be able to adapt to market changes due to the inherent investment nature of index funds. Hence, any fall in the Japan Index may result in a corresponding fall in the value of the Underlying Fund, hence a fall in the value of the Fund.
- The investments of the Underlying Fund may be concentrated in one or two stocks in the event that the Japan Index is so concentrated. As such, the performance of the Fund may be significantly affected by such constituent stocks of the Japan Index.
- Investments of the Underlying Fund may be denominated in currencies other than the base currency of the Underlying Fund and exchange rate movements may affect the value of the Underlying Fund favorably or unfavorably, separately from gains or losses otherwise made from such investments of the Underlying Fund.
- In the event that the Japan Index becomes unavailable for use, the manager of the Underlying Fund will discuss with its indexation sub-advisor whether the Underlying Fund should either (i) be maintained in its current structure until such time as the Japan Index is again available; or (ii) be restructured to track another index which has similar objectives to the Japan Index. A replacement of the Japan Index may only be made in accordance with the provisions of the constitutive document of the HSBC Index Tracker Investment Funds and the Fund, and with the prior approval of the SFC. The SFC reserves the right to withdraw the authorisation of the Underlying Fund and the Fund if the Japan Index is no longer considered to be acceptable to the SFC.
- In the event of the termination of the Underlying Fund, the manager of the Underlying Fund would have to distribute to the investors their pro rata interest in the assets of the Underlying Fund. It is possible that at the time of such distribution, certain investments held by the Underlying Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the investors.

The FTSE Japan Index (the "Japan Index")

As at 3 March 2015, the Japan Index consists of 475 Japanese stocks. The largest sector is the Consumer Goods sector with weighting of 24.74%, followed by the Industrials sector with weighting of 21.26%.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Japan Index were:

Ranking	Stock Name	Weighting (%)
1	Toyota Motor	5.64
2	Mitsubishi UFJ Financial	2.81
3	Honda Motor Co	1.88
4	Softbank	1.78
5	Sumitomo Mitsui Financial Group	1.67
6	Mizuho Financial Group	1.36
7	KDDI Corp	1.33
8	Takeda Pharmaceutical	1.28
9	Fanuc	1.18
10	Astellas Pharmaceutical	1.14

Investors may obtain the latest index information and other important news of the Japan Index from Reuters or Bloomberg. Investors may obtain a brief description of the index rules for the Japan Index from the website of the index provider, FTSE International Limited at www.ftse.com.

The Manager, the manager of the Underlying Fund and their connected persons are independent of the index provider, FTSE International Limited.

Please note:-

The composition of the Japan Index may change from time to time and stocks currently comprising the Japan Index may subsequently be delisted and other stocks added to form part of the Japan Index. Such changes are beyond the control of the Manager of the Fund, the Underlying Fund or any of the service providers of the Underlying Fund.

There is a possibility that the Japan Index may be wrongly calculated due to the use of incorrect data and/or a virus contaminating the index calculation software. There is also a possibility that the calculation of the Japan Index may be incomplete due to technical failure during such calculation. However, the manager of the Underlying Fund considers that the index provider for the Underlying Fund - FTSE International Limited - is one of the most reputable index providers in the world and that the likelihood of there being any circumstances which cause an inaccurate or incomplete calculation is negligible.

Index Disclaimer

Hang Seng Japan Index Fund (the "Fund") is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or the London Stock Exchange Group companies ("LSEG") (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE Japan Index ("the Japan Index") (upon which the Fund is based), (ii) the figure at which the Japan Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Japan Index for the purpose to which it is being put in connection with the Fund. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Japan Index to Hang Seng Investment Management Limited or to its clients. The Japan Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Japan Index or (b) under any obligation to advise any person of any error therein.

All rights in the Japan Index vest in FTSE. "FTSE®" is a trade mark of LSEG and is used by FTSE under licence.

Index Fund Series

HANG SENG PACIFIC INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Pacific Index Fund (the "Fund") is to match the return of the FTSE World Asia Pacific ex Japan Index (the "Pacific Index"). The Fund seeks to achieve this investment objective by investing solely in the Pacific Index Fund (the "Underlying Fund"), a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds which is also authorised by the SFC (SFC authorisation is not a recommendation or endorsement of the Underlying Fund nor does it guarantee the commercial merits of the Underlying Fund or its performance. It does not mean the Underlying Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.), and having as its investment objective to provide long term capital growth by matching the return of the Pacific Index. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Pacific Index particularly on a day-to-day basis and should refer to the "Risk Factors" section below for further details.** Please also refer to Appendix 1 for detailed information on the Underlying Fund and the Pacific Index.

Change of Underlying Fund

In future, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from

the Underlying Fund.

Change from feeder fund to direct investment fund

In future, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be US\$70 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Where the Manager elects to invest the Fund directly, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio. The Manager will normally appoint its associate companies as sub-advisors; however, if any third party which is not an associate is to be appointed, prior SFC approval will be sought.

Change from direct investment fund to feeder fund

Subsequent to the Fund having switched to a direct investment fund, the Manager may elect to change it to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be US\$50 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund.

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Distribution Policy

The Manager has an absolute discretion to decide whether or not to make distributions to Unitholders out of the Fund, the frequency of the distributions (if any) and the time for the distributions (if any). In determining the amount of distributions (if any), the Manager will have regard to the net income of the Fund and any realised and unrealised capital gains.

Each distribution from the Fund will normally be reinvested in the subscription of further Units of the Fund unless a Unitholder requests that such distribution be made in the form of cash payment.

Issue of Units

Only Class A Units are available for issue.

Units will be available for issue on each Dealing Day. A Dealing Day is any day which is both (i) a Business Day, and (ii) a dealing day for the Underlying Fund or where the Fund invests directly in stocks, a day on which the principal market for such stocks is open for trading.

To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

The Manager reserves the right not to accept in whole or in part an application for Units on a Dealing Day at its discretion given the Fund's subscription application for shares in the Underlying Fund may be rejected by the Underlying Fund pursuant to the provisions of its offering document. Where such application for Units in whole or in part is not accepted on a Dealing Day, the whole or that part of the application to which the subscription for Units relates will be carried forward for processing on the next Dealing Day. If all or part of a subscription application is so carried forward, the Manager will inform the applicant concerned accordingly.

Payment for Units being applied for, together with any preliminary charge, is due within 2 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day or such other time prior to the calculation of the Net Asset Value of the Fund on that Dealing Day as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

The Manager reserves the right not to accept in whole or in part an application for redemption and/or switching of Units on a Dealing Day at its discretion given the Fund's redemption application for shares in the Underlying Fund may be rejected by the Underlying Fund pursuant to the provisions of its offering document. Where such application in whole or in part is not accepted on a Dealing Day, the whole or

that part of the application to which the relevant redemption and/or switching of Units relate will be carried forward for process on the next Dealing Day. If all or part of an application is so carried forward, the Manager will inform the Unitholders concerned accordingly.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the aggregate management fees, the Administration Fee and Trustee Fee of the Fund, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Aggregate management fees payable to the Manager of the Fund and to the manager of the Underlying Fund	Class A	Up to 1.0% (currently 0.75%)
Administration Fee payable to the Manager of the Fund	Class A	Not Applicable
Trustee Fee of the Fund	Class A	Calculated on a sliding scale as follows:- Up to 0.06% in respect of Net Asset Value up to US\$25,000,000 Up to 0.05% in respect of Net Asset Value in excess of US\$25,000,000

Notes:

1. The Underlying Fund is a sub-fund of HSBC Index Tracker Investment Funds.
2. The current management fee payable to the Manager of the Fund is 0.65% per annum of the Net Asset Value of the Fund (while the maximum rate that can be charged is 1.0%). The management fee remunerates the Manager in respect of the services it provides to the Fund including managing foreign exchange dealings in relation to the investment of the Fund into the Underlying Fund, managing the tracking error of the Fund and providing after sales services since the Underlying Fund is not available to the public in Hong Kong. As such, the management fee charged by the Manager relates to services provided by the Manager which are different from and additional to those provided by the manager of the Underlying Fund.
3. The current management fee for the Underlying Fund is 0.10% per annum of the net asset value of the Underlying Fund.
4. One month's prior notice will be given to Unitholders should the management fee be increased, including but not limited to by reason of an increase in fees at the Underlying Fund level.
5. Each of the above aggregate management fees, the Administration Fee and Trustee Fee of the Fund is calculated and accrue on each Dealing Day and are payable monthly in arrears.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons but the Fund will bear any such charges levied on investment in other collective investment schemes.

The following fees will be disclosed in the annual financial reports for the Fund:-

- (1) For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) and the maximum aggregate trustee fees payable to the Trustee and the trustee of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) during the reporting financial period expressed as a percentage per annum of the Net Asset Value of the Fund;
- (2) where the Fund is changed to a direct investment fund, the management fee paid to the Manager (inclusive of any sub-advisor's fee, if applicable) and the trustee fee paid to the Trustee.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

There can be no assurance that the performance of the Fund will be identical to the performance of the Index due to many factors and circumstances.

Risks relating to the fund structure

As the Fund invests solely in the Underlying Fund, the Fund will also be exposed to such risks to which the Underlying Fund is subject as mentioned under "Risks of Investing in the Underlying Fund" in Appendix 1, including the following:-

Tracking Error Risk

Tracking error may arise due to, including but not limited to, the following circumstances:

- (1) timing differences associated with portfolio re-balancing by the Underlying Fund as against a change in constituent stocks of the Pacific Index as well as the time lag between valuation of the Underlying Fund and the closing of the Pacific Index;
- (2) the use of the relevant techniques or futures or other derivative positions by the Underlying Fund to gain exposure to the Pacific Index;

- (3) the inability of the Underlying Fund to invest in all securities comprising the Pacific Index at times due to temporary unavailability of certain securities;
- (4) different currency denominations between the Fund, the Underlying Fund and investments of the Underlying Fund such that exchange rate movements may affect the value of the Fund favorably or unfavorably, separately from gains or losses otherwise made by tracking the capital performance of the Pacific Index;
- (5) fees and expenses of the Fund and the Underlying Fund;
- (6) the "dilution adjustment" that may be made to the share price of the Underlying Fund in certain circumstances including where the aggregate transactions in shares of all classes in the Underlying Fund result in a net increase or decrease of shares which exceed the pre-determined threshold as set out in the offering document of the Underlying Fund (in such cases, the dilution adjustment amount will be an addition to the issue price when it results in a net increase of shares of the Underlying Fund and a deduction from the redemption price when it results in a net decrease);
- (7) inability of the Fund to subscribe for or redeem such number of shares in the Underlying Fund on any particular day upon the Underlying Fund's exercise its power pursuant to its offering document, to reject the relevant subscription or redemption application of the Fund for such shares in the Underlying Fund; and
- (8) other extraordinary circumstances.

As disclosed in the offering documents of the Underlying Fund, the manager of the Underlying Fund will make every effort to take the most appropriate investment policy to minimize the tracking error. Nevertheless, there can be no guarantee that any specific tracking error can be avoided.

Passive Investment Risk

The Underlying Fund may not be able to adapt to market changes due to the inherent investment nature of index funds. Hence, any fall in the Pacific Index will result in corresponding fall in the value of the Underlying Fund, and a fall in the value of the Fund.

The composition of the Pacific Index may change and stocks currently comprising the Pacific Index may subsequently be delisted. Other stocks may also be added subsequently to become constituent stocks of the Pacific Index.

Concentration Risk

There is a high concentration risk. The investments of the Underlying Fund concentrate in Pacific Basin (excluding Japan). The Underlying Fund is therefore likely to be more volatile than a diversified fund across more regions as it is more susceptible to adverse conditions in that particular region.

Investment Restrictions

For so long as the Fund invests solely in the Underlying Fund, the Fund is subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Where the Fund is changed to a direct investment fund, the Fund will be subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Where the Fund is changed to a direct investment fund, the Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The HSBC Index Tracker Investment Funds Pacific Index Fund (the "Underlying Fund")

The Underlying Fund is a sub-fund of the UK authorised open-ended investment company HSBC Index Tracker Investment Funds having as its investment objective to provide long term capital growth by matching the return of the FTSE World Asia Pacific ex Japan Index (the "Pacific Index"). The investment policy of the Underlying Fund is to invest in companies that make up the Pacific Index. The manager of the Underlying Fund reserves the right to exercise the full powers of the Underlying Fund in relation to borrowing and efficient portfolio management as and when it considers that the circumstances which then exist make it appropriate to do so. The scheme property of the Underlying Fund may also not consist of the exact composition and weighting of the underlying in the Pacific Index in circumstances where the manager of the Underlying Fund determines that this is expedient for reasons of poor liquidity or excessive cost to the Underlying Fund. The Underlying Fund is currently fully replicating the Pacific Index. The Prospectus and the Hong Kong Covering Document of the Underlying Fund are available for reference upon request.

Where it is not possible to invest in a stock such that the amount held by the Underlying Fund is consistent with that stock's weighting within the Pacific Index, then additional exposure to the stock will be sought by investing in transferable securities (which may or may not be constituents of the Pacific Index) which themselves aim to closely replicate the performance of the stock or which it is expected will perform in a similar way to that stock, subject to any restrictions that the Underlying Fund is subject. Such transferable securities may include debt instruments designed to replicate the performance of the stock in question. There is a risk that the stocks selected will not accurately replicate the return of the Pacific Index.

Risks of Investing in the Underlying Fund

Whilst the investment objective of both the Fund and the Underlying Fund is to match the return of the Pacific Index, there is no guarantee that the performance of the Fund, at any time, will exactly replicate the performance of the Pacific Index.

As the Fund invests solely in the Underlying Fund, the Fund is exposed to such risks to which the Underlying Fund is subject including the following (as disclosed in the offering document of the Underlying Fund):

- There is no guarantee that the Underlying Fund will, at any time, be able to exactly replicate the performance of the Pacific Index. Although the manager of the Underlying Fund will make every effort to minimise tracking error, the avoidance of any specific error cannot be guaranteed. Tracking error is likely to be greatest during extreme market volatility and when specific events affecting the largest constituent stocks of the Pacific Index happen. None of the Manager of the Fund, Underlying Fund, or any of the service providers of the Underlying Fund shall be liable to any other person for any tracking error in relation to the Pacific Index.
- The Underlying Fund currently holds all the stocks comprising the Pacific Index which it tracks. Tracking error is minimised by comparing the weights of the stocks in the Underlying Fund to the weights of the stocks in the Pacific Index. This is done on a daily basis, anticipating any corporate events or index changes which may occur and which will affect the weightings of the stocks. If a stock's weight in the Underlying Fund differs from its weight in the Pacific Index by more than a specified tolerance, then shares in this stock will be bought or sold in order to give the stock a Pacific Index weighting. Cash arising from sales will either be retained by the Underlying Fund for future investment or re-invested into other stocks which may be underweight. Similarly, cash required to buy shares will be taken from cash retained by the Underlying Fund from earlier sales or raised by selling stocks which may be overweight. The level of cash held by the Underlying Fund will be kept as low as is practicable.
- The price of shares in the Underlying Fund, and the income from them, if any, may go down as well

as up. In addition, the Underlying Fund may not be able to adapt to market changes due to the inherent investment nature of index funds. Hence, any fall in the Pacific Index may result in a corresponding fall in the value of the Underlying Fund, hence a fall in the value of the Fund.

- The investments of the Underlying Fund may be concentrated in one or two stocks in the event that the Pacific Index is so concentrated. As such, the performance of the Fund may be significantly affected by such constituent stocks of the Pacific Index.
- Investments of the Underlying Fund may be denominated in currencies other than the base currency of the Underlying Fund and exchange rate movements may affect the value of the Underlying Fund favorably or unfavorably, separately from gains or losses otherwise made from such investments of the Underlying Fund.
- In the event that the Pacific Index becomes unavailable for use, the manager of the Underlying Fund will discuss with its indexation sub-advisor whether the Underlying Fund should either (i) be maintained in its current structure until such time as the Pacific Index is again available; or (ii) be restructured to track another index which has similar objectives to the Pacific Index. A replacement of the Pacific Index may only be made in accordance with the provisions of the constitutive document of the HSBC Index Tracker Investment Funds and the Fund, and with the prior approval of the SFC. The SFC reserves the right to withdraw the authorisation of the Underlying Fund and the Fund if the Pacific Index is no longer considered to be acceptable to the SFC.
- In the event of the termination of the Underlying Fund, the manager of the Underlying Fund would have to distribute to the investors their pro rata interest in the assets of the Underlying Fund. It is possible that at the time of such distribution, certain investments held by the Underlying Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the investors.

The FTSE World Asia Pacific ex Japan Index (the "Pacific Index")

As at 3 March 2015, the Pacific Index consists of 8 markets and 533 stocks in the Pacific Basin (excluding Japan) namely, Australia, Hong Kong, Malaysia, New Zealand, Singapore, South Korea, Taiwan and Thailand. The largest sector is the Financials sector with weighting of 37.69%, followed by the Industrials sector with weighting of 11.99%.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Pacific Index were:

Ranking	Stock Name	Weighting (%)
1	Samsung Electronics	4.50
2	Commonwealth Bank of Australia	3.75
3	Taiwan Semiconductor Manufacturing	3.72
4	Westpac Banking Corp	2.99
5	BHP Billiton Ltd	2.73
6	Australia & New Zealand Banking Group	2.49
7	AIA Group Ltd	2.43
8	National Australia Bank	2.30
9	Wesfarmers	1.24
10	CSL	1.19

Investors may obtain the latest index information and other important news of the Pacific Index from Reuters or Bloomberg. Investors may obtain a brief description of the index rules for the Pacific Index from the website of the index provider, FTSE International Limited at www.ftse.com.

The Manager, the manager of the Underlying Fund and their connected persons are independent of the index provider, FTSE International Limited.

Please note:-

The composition of the Pacific Index may change from time to time and stocks currently comprising the Pacific Index may subsequently be delisted and other stocks added to form part of the Pacific Index. Such changes are beyond the control of the Manager of the Fund, the Underlying Fund or any of the service providers of the Underlying Fund

There is a possibility that the Pacific Index may be wrongly calculated due to the use of incorrect data and/or a virus contaminating the index calculation software. There is also a possibility that the calculation of the Pacific Index may be incomplete due to technical failure during such calculation. However, the manager of the Underlying Fund considers that the index provider for the Underlying Fund - FTSE International Limited - is one of the most reputable index providers in the world and that the likelihood of there being any circumstances which cause an inaccurate or incomplete calculation is negligible.

Index Disclaimer

Hang Seng Pacific Index Fund (the "Fund") is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or the London Stock Exchange Group companies ("LSEG") (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE World Asia Pacific ex Japan Index ("the Pacific Index") (upon which the Fund is based), (ii) the figure at which the Pacific Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Pacific Index for the purpose to which it is being put in connection with the Fund. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Pacific Index to Hang Seng Investment Management Limited or to its clients. The Pacific Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Pacific Index or (b) under any obligation to advise any person of any error therein.

All rights in the Pacific Index vest in FTSE. "FTSE®" is a trade mark of LSEG and is used by FTSE under licence.

Mainland China / Hong Kong Fund Series

HANG SENG INDEX LEVERAGED 150 FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Fund is a leveraged fund falling within Chapter 8.9 of the SFC's Code on Unit Trusts and Mutual Funds which may borrow up to 50% of the Net Asset Value of this Fund and may extensively invest in financial derivative instruments, mainly futures contracts, for investment purposes. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Index Leveraged 150 Fund (the "Fund") is to provide investors with leveraged exposure to the Hang Seng Index (the "Index"). The Fund will obtain exposure to the Index by investing primarily in SFC authorised collective investment scheme(s) (including but not limited to exchange traded funds) with the investment objective of matching as closely as practicable the performance of the Index with leverage being obtained through the use of borrowings, futures contracts and other financial derivatives in order for the Fund to obtain a daily target market exposure of 150% of its Net Asset Value. In selecting the collective investment scheme(s) and the financial derivatives to be invested by the Fund, the Manager will consider factors such as cost efficiency, tracking errors or correlation to the Index and liquidity of these schemes and derivatives such that the investments made are in the best interest of the Unitholders of the Fund. Currently, the Manager has determined that the Fund will invest primarily in Hang Seng Index ETF (the "Underlying Fund"). The Underlying Fund is a sub-fund of the Hang Seng Investment Index Fund Series II and a collective investment scheme listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK"). Please refer to Appendix 1 for detailed information on the Underlying Fund. However, the Manager may from time to time change the primary investment of the Fund to another SFC authorised collective investment scheme(s) (including but not limited to exchange-traded funds) with the investment objective of matching as closely as practicable the performance of the Index.

While leverage through borrowings to invest in units of the Underlying Fund and/or acquiring futures contracts of the Index will be the most common strategy employed to obtain such daily market exposure, the Fund may also invest in other exchange traded and over-the-counter financial derivatives like options and warrants linked to the Index and/or the Underlying Fund. However, currently, the Manager has no intention to invest in over-the-counter financial derivatives for the Fund.

Currently, the Manager has no intention to have any securities lending, repurchase or similar over-the-counter transactions entered into for the account of the Fund. In the future, where the Manager intends to have any securities lending, repurchase or similar over-the-counter transactions entered into for the account of the Fund, subject to SFC's prior approval, 1 month's prior notice will be given to the relevant Unitholders.

In investing the Fund, the Manager may appoint one or more sub-advisors, subject to SFC's prior approval, to manage part or all of the Fund's portfolio.

The Fund is not an index-tracking fund and does not seek to track movements in the Index. With daily market fluctuations and possible cash inflow/outflow, it is envisaged that the daily actual market exposure of the Fund may deviate from the above daily target market exposure.

Please refer to Appendix 2 for detailed information on the Index.

Distribution Policy

It is proposed not to make distributions in respects of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of subscription applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on the SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of redemption and switching applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late

application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, and the management fee and trustee fee of the Underlying Fund:-

		The Fund (as a percentage per annum on the Net Asset Value of the Fund)	The Underlying Fund (as a percentage per annum on the Net Asset Value of the Underlying Fund)	Aggregate Fees (Maximum) (as a percentage per annum on the Net Asset Value of the Fund)
Management Fee	Class A	Up to 1.5% ²	0.05%	Up to 1.5% ³
Administration Fee	Class A	Not Applicable	Not Applicable	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$200,000,000 Up to 0.08% in respect of Net Asset Value for the next HK\$200,000,000 Up to 0.06% in respect of Net Asset Value in excess of HK\$400,000,000	0.05%	Up to 0.275%

Notes:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrue on each Dealing Day and is payable monthly in arrears.
- The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.
- The Manager and the manager of the Underlying Fund may agree between them how the aggregate management fees will be shared between them.

The Fund will bear indirectly a proportionate share of the fees payable to the manager and the trustee of the Underlying Fund and other fees, charges and expenses payable by the Underlying Fund which will be reflected in the net asset value per unit of the Underlying Fund.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons.

For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) and the maximum aggregate trustee fees payable to the Trustee and to the trustee of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) during the reporting financial period expressed as a percentage per annum of the Net Asset Value of the Fund will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the “RISK FACTORS” section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund’s underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with the Investment Strategy

Investment in the Fund involves significant risks. Investors may lose a substantial portion or all of their investment in the Fund. Investors should consider carefully whether they can afford to bear the risks of investing in the Fund. Investors should monitor their investment in the Fund frequently (or even daily during periods of volatility). The Fund is not suitable for retail investors who would like to adopt the traditional buy-and-hold strategy.

Whilst on each Dealing Day, the Fund seeks to obtain a daily target market exposure of 150% of its Net Asset Value as of the previous Dealing Day, **there can be no assurance that such target will be achieved.** Further, a daily target market exposure of 150% is not arithmetically equivalent to a target market exposure of 150% over any particular period of time. Investors should also note that as the Fund aims to obtain leveraged exposure to the Index, a fall in the value of the Index will trigger a greater and accelerated fall in the Net Asset Value of the Fund. In extremely adverse market conditions, the Manager may lower the daily target market exposure provided that the Manager considers that it is in the best interests of Unitholders to do so.

As the Fund will have to bear a proportionate share of the fees, charges and expenses of the Underlying Fund as described in the section “Charges and Expenses” and bear all fees, costs and expenses in relation to the Fund, including but not limited to costs of investing and realising the investments of the Fund, the fees and expenses of custodians of the assets of the Fund, the fees and expenses of the

auditors, valuation costs, legal fees, printing and postage costs for the explanatory memorandum, reports, all notices and communication for the Fund, all these fees, charges, costs and expenses will affect the performance of the Fund relative to the Index. In addition, **there can be no assurance that the performance of the Underlying Fund will be identical to the performance of the Index particularly on a day-to-day basis.**

The Fund invests primarily in the Underlying Fund which is passively managed. The manager of the Underlying Fund does not have any discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Underlying Fund, and a fall in the value of the Fund.

Investors should also note that as the Fund invests primarily in the Underlying Fund, the Fund will also be exposed to such risks to which the Underlying Fund is subject as mentioned in Appendix 1.

Risks associated with the Leveraged Exposure to the Index

The Fund will be leveraged by borrowing, by entering into futures contracts and through the use of other financial derivatives. Whilst leveraging provides the Fund with significantly more market exposure and hence an opportunity for greater total returns than it would have where no leveraging is being used, it also exposes the Fund to a greater risk of loss arising from adverse movements in the Index and a fall in the value of the Index will trigger a greater and accelerated fall in the Net Asset Value of the Fund.

Due to the use of leverage and effects of compounding, the performance of the Fund will be magnified (either in a upward or downward market) as compared with that of the Index. The performance of the Fund for periods longer than a single day, especially in periods of volatility, may not be 1.5 times that of the Index and can differ significantly from the performance of the Index over the same period of time (e.g. **as at 27 Feb 2015, the 6-month cumulative performance of the Fund (Class A Unit) was a negative figure of -0.48%* notwithstanding that the Index has recorded a positive growth of 1.02%* over the same period of time).**

Performance of the Fund and the Index

Table A

Cumulative Performance in HK Dollar* (information as at 27 Feb 2015)

	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	L-T-D
Fund (Class A Unit)	4.63%	-0.48%	15.69%	28.72%	40.03%	105.70%
Index	3.53%	1.02%	12.98%	27.44%	42.23%	175.70%

Table B

Annual Performance in HK Dollar* (information as at 27 Feb 2015)

	Y-T-D	2014	2013	2012	2011	2010
Fund (Class A Unit)	7.30%	4.07%	5.56%	38.60%	-28.18%	8.28%
Index	5.20%	5.30%	6.36%	27.22%	-17.51%	8.40%

* Fund: Unit Price-to-Unit Price return, total return with dividend (if any) reinvested. (Source: Unit Prices are provided by HSBC Institutional Trust Services (Asia) Limited. The Fund's performance information is provided by the Manager.)

Index: Total return with dividend reinvested, net of PRC withholding tax. (Source: Hang Seng Indexes Company Limited)

Note(s):

The above performance information is for information and reference only. Updated performance information (as at the latest month-end) is provided in the monthly factsheet for the Fund which is available at www.hangseng.com/fundsupermart.

Investors should note that price of Units of the Fund may go up or down and past performance information presented is not indicative of future performance.

Risks associated with the Use of Financial Derivatives

Prices of financial derivatives may be affected by many factors. An illiquid market may adversely affect the price of financial derivatives and therefore the value of the Fund. In particular, over-the-counter financial derivatives are normally less liquid than exchange traded financial derivatives. When an exchange traded financial derivative is de-listed, its liquidity and price may be adversely affected.

The Fund invests in futures contracts which are particularly volatile. The prices of futures contracts may be affected by many factors apart from the values of the underlying assets. The low initial margin deposits normally required to establish a position in futures contracts permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or loss which is greater than the amount of margin deposits initially placed with the intermediaries.

The Fund will be subject to the counterparty risk with regard to financial derivatives which it holds and in the event of the insolvency of any counterparty or of any broker through which the Manager trades for the account of the Fund, the Fund may only rank as an unsecured creditor in respect of the sums due to the Fund under the relevant margin account or otherwise and any losses arising there from will be borne by the Fund.

As a result of the above, the price of Units in the Fund may be volatile.

Unitholders should note that whilst the Fund will use financial derivatives to achieve its investment objective, Unitholders' liabilities are limited to the amount they invest in the Fund.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in the Hong Kong listed securities (including H-shares and red chip shares) of a particular sector or group of sectors, the investments of the Underlying Fund may be similarly concentrated. The performance of the Underlying Fund could depend substantially on the performance of such market/sector(s), and the Underlying Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

General Risks of Investments associated with the PRC

Investing in mainland China, an emerging market, involves special considerations and risks. Investors should be aware that the economy of the mainland China differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the mainland China is not well developed when compared with those of developed countries. There could also be greater price volatility, different accounting, disclosure and reporting requirements and economic, social and political instability etc.

Conflicts of Interest Risk

Investors should note that the Trustee, the Manager, the Index provider (i.e. Hang Seng Indexes Company Limited) and the Index proprietor (i.e. Hang Seng Data Services Limited) are all members of the same financial group (i.e. the HSBC Group). Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders of the Fund

are treated fairly.

Although separate legal entities and operationally independent, each of the Trustee, the Manager, the Index provider and the Index proprietor are presently part of the same financial group. Whilst each of these entities is regulated to engage in its activities and in the provision of services in respect of the Fund, in the event of a financial catastrophe or the insolvency of any member of the HSBC Group, there may be adverse implications for the business of the HSBC Group as a whole or other members of the HSBC Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation may be disrupted.

Investment Restrictions

The Fund will be subject to the investment restrictions set out below:-

- (a) the Fund may invest up to 150% of its Net Asset Value in one or more collective investment schemes (including but not limited to one or more Exchange-Traded Funds) authorised by the SFC with the investment objective of matching as closely as practicable the performance of the Index;
- (b) options, warrants and futures contracts may be acquired for the account of the Fund for hedging purposes;
- (c) not more than 15% of the Net Asset Value of the Fund in terms of the total amount of premium paid may consist of options and warrants, other than options and warrants held for hedging purposes;
- (d) the Manager may not write a call option if the aggregate of the exercise prices of all such call options written on behalf of the Fund would exceed 25% of the Net Asset Value of the Fund; and
- (e) in respect of investment in financial derivative instruments:-
 - (i) the Fund may acquire financial derivative instruments for investment purposes provided that the Fund's global exposure relating to such financial derivative instruments may not exceed 100% of the Net Asset Value of the Fund;
 - (ii) the global exposure is calculated using the commitment approach, whereby the derivative positions of the Fund are converted into the equivalent position in the underlying assets embedded in such derivatives, taking into account the prevailing value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions; and
 - (iii) for the avoidance of doubt, financial derivative instruments acquired for hedging purposes will not be counted towards the 100% limit referred to in paragraph (i) above.

Risk Management Policy and Process

The Manager has employed a risk management process to monitor and manage the risks associated with the Fund's investment in financial derivatives which currently comprise primarily exchange traded index futures. All transactions of index futures are captured and consolidated by proprietary in-house trading systems so that outstanding positions can be monitored on a mark-to-market basis. In addition, processes are in place with a view to ensuring that any investment in financial derivatives for the Fund will not result in any deviation from its investment objectives and/or breach of investment restrictions applicable to the Fund. The Manager has also put in place procedures for the selection, evaluation, approval and monitoring of futures brokers. Further details of the risk management policy and process are available from the Manager upon written request.

Borrowing Restrictions

The Manager may borrow up to 50% of the Net Asset Value of the Fund, both to acquire investment for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The following paragraphs are extracted and derived from the Hong Kong Offering Document of the Hang Seng Index ETF that can be downloaded from the web site www.hangseng.com/etf. They are provided for information only and should be read in conjunction with the full text of the aforesaid Hong Kong Offering Document.

The Hang Seng Index ETF (the “HSI ETF”)

The HSI ETF is a sub-fund of the Hang Seng Investment Index Funds Series II (the “ETF Series II”). The ETF Series II is a unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 10 Sept 2004 between Hang Seng Investment Management Limited as the manager, AIA Company (Trustee) Limited as the trustee and Hang Seng Data Services Limited. The ETF Series II and its first sub-fund, the HSI ETF, have been authorised by the SFC and the HSI ETF is listed on the SEHK. Units of the HSI ETF can be traded in such a way as other shares listed on the SEHK. The SFC and the SEHK take no responsibility for the financial soundness of the ETF Series II or the HSI ETF and the approval of listing by the SEHK does not imply official recommendation of an investment in the ETF Series II or in the HSI ETF. SFC authorisation is not a recommendation or endorsement of the ETF Series II or the HSI ETF nor does it guarantee the commercial merits of the ETF Series II or the HSI ETF or the performance of the ETF Series II or the HSI ETF. It does not mean the ETF Series II or the HSI ETF is suitable for all investors nor is it an endorsement of the suitability of the ETF Series II or the HSI ETF for any particular investor or class of investors.

Similar to the investment objective of the Fund, HSI ETF seeks to provide investment returns that match as closely as practicable, before expenses, the performance of the Hang Seng Index (“Index”).

The manager of the HSI ETF will primarily adopt a replication strategy. In order to maximise portfolio management efficiency, minimise transaction costs and tracking error, exposure to the Index may also be obtained through other index-tracking strategies or financial instruments from which the return to the ETF will substantially reflect the performance of the Index. Such strategies and instruments will be chosen based on their correlation to the Index and cost efficiency in order to reflect the characteristics of the Index. The manager of the HSI ETF may decide to utilise a representative sampling strategy or another investment strategy from time to time to achieve the HSI ETF’s investment objective.

Investors should note the various risks relating to the Fund’s investment in the HSI ETF which include the following:-

- Net Asset Value and Price Fluctuations
- Correlation to the Index
- Trading and Listing Issues
- Concentration of the Index in Certain Sectors and Companies
- Stock Market Volatility
- Securities Lending
- Short Selling
- Issuer-Specific Changes
- Market Makers
- Risk of Termination of the HSI ETF
- Risks associated with distribution out of capital or effectively out of capital
- General Risks of Investments associated with mainland China

Investors should refer to the section headed “What are the Risks of Investing in the HSI ETF?” in the Hong Kong offering document of the HSI ETF for details of the risks involved.

The manager of the HSI ETF does not have any discretion to take defensive positions where the Hong Kong stock market declines. Hence, any fall in the Index will result in a fall in the value of the HSI ETF.

If the Index is discontinued or the licence of the manager of the HSI ETF from the Index proprietor, Hang Seng Data Services Limited and the Index provider, Hang Seng Indexes Company Limited is terminated, the manager of the HSI ETF may, in consultation with the trustee of the HSI ETF, seek the relevant regulators' prior approval to replace the Index with an index that is tradable and has similar objectives to the Index. For the avoidance of doubt, the index-tracking element of the HSI ETF's investment objective would remain unchanged. The SFC reserves the right to withdraw the authorisation of the HSI ETF if the Index is no longer considered to be acceptable to the SFC.

Investors should also note that the performance of the Index and the HSI ETF may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

The manager of the HSI ETF, the Index provider, Hang Seng Indexes Company Limited and the Index proprietor, Hang Seng Data Services Limited all are members of the HSBC Group. Situations may arise where there are conflicts of interest among such entities. If conflicts arise, the manager of the HSI ETF will in its best effort ensure that Unitholders are treated fairly.

Appendix 2

The Hang Seng Index (the "Index")

The Index, launched on 24 November 1969, 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 is calculated with a base value of 100 as of 31 July 1964. It is calculated on a 2-second basis during trading hours of the SEHK and its closing value is based on official closing prices of stocks announced by the SEHK.

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

Constituent stocks of the Index are selected by a rigorous process of detailed analysis. Only companies with a primary listing on the Main Board of the SEHK are eligible potential constituents. The Mainland Enterprises that have a H-share listing in Hong Kong will be eligible for inclusion in the Index if they meet one of the following conditions: (1) the H-share company has 100% of its ordinary share capital in the form of H-shares which are listed on the SEHK; (2) the H-share company has completed the process of the share reform, with the result that there is no unlisted share capital in the company; or (3) for new H-share initial public offerings, the company has no unlisted share capital.

Besides, to be eligible for inclusion in the Index, a company (1) must be among those companies that constitute the top 90% of the total market capitalisation of all primary listed shares on the SEHK (market capitalisation is expressed as an average of the past 12 months); (2) must be among those companies that constitute the top 90% of the total turnover of all primary listed shares on the SEHK (turnover is aggregated and individually assessed for eight quarterly sub-periods for the past 24 months); and (3) should normally have a listing history of 24 months on the SEHK or meet the requirements below in relation to large-cap stocks listed for less than 24 months.

In connection with item (3) of the preceding paragraph, the minimum listing history required for a newly-listed large-cap stock to be eligible for inclusion in the Index is as follows:

Average market capitalisation ranking at time of Index review	Minimum listing history
Top 5	3 Months
6 – 15	6 Months
16 – 20	12 Months
21 – 25	18 Months
Below 25	24 Months

The final selections are based on the following:

- the market capitalisation and turnover ranking of the company;
- the representation of the relevant sub-sector within the Index directly reflecting that of the market; and
- the financial performance of the company.

A freefloat-adjusted market capitalization weighted methodology is adopted for the calculation of the Index. The cap on each constituent weighting will be lowered from 15% to 10% which will be phased in over a period of 12 months from September 2014 to September 2015 through five rounds of index rebalancing. Details of the rebalancing schedule are set out below:

After Market Close on	Capping Level
5 Sep 2014 (Fri)	14%
5 Dec 2014 (Fri)	13%
6 Mar 2015 (Fri)	12%
5 Jun 2015 (Fri)	11%
4 Sep 2015 (Fri)	10%

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
5	HSBC Holdings plc	11.28
700	Tencent Holdings Ltd.	9.26
941	China Mobile Ltd	7.63
1299	AIA Group Ltd.	7.10
939	China Construction Bank Corporation - H Share	6.51
1398	Industrial and Commercial Bank of China Ltd. - H Share	5.02
3988	Bank of China Ltd. - H Share	4.25
2628	China Life Insurance Co. Ltd. - H Share	2.91
13	Hutchison Whampoa Ltd.	2.79
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	2.70

Real-time update of the Index can be obtained through Thomson Reuters, Bloomberg and the website of HSIL at: <http://www.hsi.com.hk/>. The Index methodology and other important news related to the Index are available at the HSIL website <http://www.hsi.com.hk/>.

Please note:

- The list of constituent stocks which comprise the Index is reviewed by HSIL on a quarterly basis. The composition of the Index may change and be substituted with other companies as determined by HSIL if any of the constituent companies were to delist its shares.
- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify HSIL and Hang Seng Data Services Limited (“HSDS”) against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future unitholder or investor) as a result of any act or omission of HSIL and HSDS or (except in cases of their wilful misconduct, bad faith or dishonesty) in respect of or in connection with the trading in the Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose. The Manager will also indemnify HSIL and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the

provisions of the license agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the Fund's assets in respect of any claims made against it including those in relation to the license agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Fund.

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Mainland China / Hong Kong Fund Series

HANG SENG CHINA H-SHARE INDEX LEVERAGED 150 FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Fund is a leveraged fund falling within Chapter 8.9 of the SFC's Code on Unit Trusts and Mutual Funds which may borrow up to 50% of the Net Asset Value of this Fund and may extensively invest in financial derivative instruments, mainly futures contracts, for investment purposes. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng China H-Share Index Leveraged 150 Fund (the "Fund") is to provide investors with leveraged exposure to the Hang Seng China Enterprises Index (the "Index"). The Fund will obtain exposure to the Index by investing in SFC authorised collective investment scheme(s) (including but not limited to exchange traded funds) with the investment objective of matching as closely as practicable the performance of the Index with leverage being obtained through the use of borrowings, futures contracts and other financial derivatives in order for the Fund to obtain a daily target market exposure of 150% of its Net Asset Value. In selecting the collective investment scheme(s) and the financial derivatives to be invested by the Fund, the Manager will consider factors such as cost efficiency, tracking errors or correlation to the Index and liquidity of these schemes and derivatives such that the investments made are in the best interest of the Unitholders of the Fund. Currently, the Manager has determined that the Fund will invest primarily in Hang Seng H-Share Index ETF (the "Underlying Fund"). The Underlying Fund is a sub-fund of the Hang Seng Investment Index Fund Series and a collective investment scheme listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK"). Please refer to Appendix 1 for detailed information on the Underlying Fund. However, the Manager may from time to time change the primary investment of the Fund to another SFC authorised collective investment scheme(s) (including but not limited to exchange-traded funds) with the investment objective of matching as closely as practicable the performance of the Index.

While leverage through borrowings to invest in units of the Underlying Fund and/or acquiring futures contracts of the Index will be the most common strategy employed to obtain such daily market exposure, the Fund may also invest in other exchange traded and over-the-counter financial derivatives like options and warrants linked to the Index and/or the Underlying Fund. However, currently, the Manager has no intention to invest in over-the-counter financial derivatives for the Fund.

Currently, the Manager has no intention to have any securities lending, repurchase or similar over-the-counter transactions entered into for the account of the Fund. In the future, where the Manager intends to have any securities lending, repurchase or similar over-the-counter transactions entered into for the account of the Fund, subject to SFC's prior approval, 1 month's prior notice will be given to the relevant Unitholders.

In investing the Fund, the Manager may appoint one or more sub-advisors, subject to SFC's prior approval, to manage part or all of the Fund's portfolio.

The Fund is not an index-tracking fund and does not seek to track movements in the Index. With daily market fluctuations and possible cash inflow/outflow, it is envisaged that the daily actual market exposure of the Fund may deviate from the above daily target market exposure.

Please refer to Appendix 2 for detailed information on the Index.

Distribution Policy

It is proposed not to make distributions in respects of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of subscription applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on the SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of redemption and switching applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late

application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, and the management fee and trustee fee of the Underlying Fund:-

		The Fund (as a percentage per annum on the Net Asset Value of the Fund)	The Underlying Fund (as a percentage per annum on the Net Asset Value of the Underlying Fund)	Aggregate Fees (Maximum) (as a percentage per annum on the Net Asset Value of the Fund)
Management Fee	Class A	Up to 1.5% ²	0.55%	Up to 1.5% ³
Administration Fee	Class A	Not Applicable	Not Applicable	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$200,000,000 Up to 0.08% in respect of Net Asset Value for the next HK\$200,000,000 Up to 0.06% in respect of Net Asset Value in excess of HK\$400,000,000	0.05%	Up to 0.275%

Notes:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrue on each Dealing Day and is payable monthly in arrears.
- The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.
- The Manager and the manager of the Underlying Fund may agree between them how the aggregate management fees will be shared between them.

The Fund will bear indirectly a proportionate share of the fees payable to the manager and the trustee of the Underlying Fund and the other fees, charges and expenses payable by the Underlying Fund which will be reflected in the net asset value per unit of the Underlying Fund.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons.

For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) and the maximum aggregate trustee fees payable to the Trustee and the trustee of the Underlying Fund (to the extent that such fee is attributable to investment by the Fund) during the reporting financial period expressed as a percentage per annum on the Net Asset Value of the Fund will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with the Investment Strategy

Investment in the Fund involves significant risks. Investors may lose a substantial portion or all of their investment in the Fund. Investors should consider carefully whether they can afford to bear the risks of investing in the Fund. Investors should monitor their investment in the Fund frequently (or even daily during periods of volatility). The Fund is not suitable for retail investors who would like to adopt the traditional buy-and-hold strategy.

Whilst on each Dealing Day, the Fund seeks to obtain a daily target market exposure of 150% of its Net Asset Value as of the previous Dealing Day, **there can be no assurance that such target will be achieved.** Further, a daily target market exposure of 150% is not arithmetically equivalent to a target market exposure of 150% over any particular period of time. Investors should also note that as the Fund aims to obtain leveraged exposure to the Index, a fall in the value of the Index will trigger a greater and accelerated fall in the Net Asset Value of the Fund. In extremely adverse market conditions, the Manager may lower the daily target market exposure provided that the Manager considers that it is in the best interests of Unitholders to do so.

As the Fund will have to bear a proportionate share of the fees, charges and expenses of the Underlying Fund as described in the section "Charges and Expenses" and bear all fees, costs and expenses in

relation to the Fund, including but not limited to costs of investing and realising the investments of the Fund, the fees and expenses of custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, printing and postage costs for the explanatory memorandum, reports, all notices and communication for the Fund, all these fees, charges, costs and expenses will affect the performance of the Fund relative to the Index. In addition, **there can be no assurance that the performance of the Underlying Fund will be identical to the performance of the Index particularly on a day-to-day basis.**

The Fund invests primarily in the Underlying Fund which is passively managed. The manager of the Underlying Fund does not have any discretion to select stocks individually or to take defensive positions in declining markets. Hence, any fall in the Index will result in corresponding fall in the value of the Underlying Fund, and a fall in the value of the Fund.

Investors should also note that as the Fund invests primarily in the Underlying Fund, the Fund will also be exposed to such risks to which the Underlying Fund is subject as mentioned in Appendix 1.

Risks associated with the Leveraged Exposure to the Index

The Fund will be leveraged by borrowing, by entering into futures contracts and through the use of other financial derivatives. Whilst leveraging provides the Fund with significantly more market exposure and hence an opportunity for greater total returns than it would have where no leveraging is being used, it also exposes the Fund to a greater risk of loss arising from adverse movements in the Index and a fall in the value of the Index will trigger a greater and accelerated fall in the Net Asset Value of the Fund.

Due to the use of leverage and effects of compounding, the performance of the Fund will be magnified (either in an upward or downward market) as compared with that of the Index. The performance of the Fund for periods longer than a single day, especially in periods of volatility, may not be 1.5 times that of the Index and can differ significantly from the performance of the Index over the same period of time (e.g. **as at 27 Feb 2015, the 3-year cumulative performance of the Fund (Class A Unit) has recorded a positive growth of 8.49%* while that of the Index recorded a positive growth of 15.09%* over the same period of time**).

Performance of the Fund and the Index

Table A

Cumulative Performance in HK Dollar* (information as at 27 Feb 2015)

	3 Mth	6 Mth	1 Yr	3 Yr	5 Yr	L-T-D
Fund (Class A Unit)	13.26%	15.46%	39.87%	8.49%	8.13%	191.20%
Index	9.36%	11.49%	27.93%	15.09%	23.44%	244.80%

Table B

Annual Performance in HK Dollar* (information as at 27 Feb 2015)

	Y-T-D	2014	2013	2012	2011	2010
Fund (Class A Unit)	1.93%	18.99%	-7.23%	24.12%	-32.35%	-2.65%
Index	1.68%	15.06%	-1.86%	19.30%	-19.87%	1.48%

* Fund: Unit Price-to-Unit Price return, total return with dividend (if any) reinvested. (Source: Units Prices are provided by HSBC Institutional Trust Services (Asia) Limited. The Fund's performance information is provided by the Manager.)

Index: Total return with dividend reinvested, net of PRC withholding tax. (Source: Hang Seng Indexes Company Limited)

Note(s):

The above performance information is for information and reference only. Updated performance information (as at the latest month-end) is provided in the monthly factsheet for the Fund which is available at www.hangseng.com/fundsupermart.

Investors should note that price of Units of the Fund may go up or down and past performance information presented is not indicative of future performance.

Risks associated with the Use of Financial Derivatives

Prices of financial derivatives may be affected by many factors. An illiquid market may adversely affect the price of financial derivatives and therefore the value of the Fund. In particular, over-the-counter financial derivatives are normally less liquid than exchange traded financial derivatives. When an exchange traded financial derivatives is de-listed, its liquidity and price may be adversely affected.

The Fund invests in futures contracts which are particularly volatile. The prices of futures contracts may be affected by many factors apart from the values of the underlying assets. The low initial margin deposits normally required to establish a position in futures contracts permit a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or loss which is greater than the amount of margin deposits initially placed with the intermediaries.

The Fund will be subject to the counterparty risk with regard to financial derivatives which it holds and in the event of the insolvency of any counterparty or of any broker through which the Manager trades for the account of the Fund, the Fund may only rank as an unsecured creditor in respect of the sums due to the Fund under the relevant margin account or otherwise and any losses arising there from will be borne by the Fund.

As a result of the above, the price of Units in the Fund may be volatile.

Unitholders should note that whilst the Fund will use financial derivatives to achieve its investment objective, Unitholders' liabilities are limited to the amount they invest in the Fund.

Concentration Risk

There is a high concentration risk. To the extent that the Index concentrates in H-shares of a particular sector or group of sectors, the investments of the Underlying Fund may be similarly concentrated. The performance of the Underlying Fund could depend substantially on the performance of such market/sector(s), and the Underlying Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

General Risks of Investments associated with the PRC

Investing in mainland China, an emerging market, involves special considerations and risks. Investors should be aware that the economy of the mainland China differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the mainland China is not well developed when compared with those of developed countries. There could also be greater price volatility, different accounting, disclosure and reporting requirements and economic, social and political instability etc.

Conflicts of Interest Risk

Investors should note that the Trustee, the Manager, the Index provider (i.e. Hang Seng Indexes Company Limited) and the Index proprietor (i.e. Hang Seng Data Services Limited) are all members of the same financial group (i.e. the HSBC Group). Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders of the Fund are treated fairly.

Although separate legal entities and operationally independent, each of the Trustee, the Manager, the Index provider and the Index proprietor are presently part of the same financial group. Whilst each of these entities is regulated to engage in its activities and in the provision of services in respect of the Fund, in the event of a financial catastrophe or the insolvency of any member of the HSBC Group, there may be adverse implications for the business of the HSBC Group as a whole or other members of the HSBC Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation may be disrupted.

Investment Restrictions

The Fund will be subject to the investment restrictions set out below:-

- (a) the Fund may invest up to 150% of its Net Asset Value in one or more collective investment schemes (including but not limited to one or more Exchange-Traded Funds) authorised by the SFC with the investment objective of matching as closely as practicable the performance of the Index;
- (b) options, warrants and futures contracts may be acquired for the account of the Fund for hedging purposes;
- (c) not more than 15 % of the Net Asset Value of the Fund in terms of the total amount of premium paid may consist of options and warrants, other than options and warrants held for hedging purposes;
- (d) the Manager may not write a call option if the aggregate of the exercise prices of all such call options written on behalf of the Fund would exceed 25% of the Net Asset Value of the Fund; and
- (e) in respect of investment in financial derivative instruments:-
 - (i) the Fund may acquire financial derivative instruments for investment purposes provided that the Fund's global exposure relating to such financial derivative instruments may not exceed 100% of the Net Asset Value of the Fund;
 - (ii) the global exposure is calculated using the commitment approach, whereby the derivative positions of the Fund are converted into the equivalent position in the underlying assets embedded in such derivatives, taking into account the prevailing value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions; and
 - (iii) for the avoidance of doubt, financial derivative instruments acquired for hedging purposes will not be counted towards the 100% limit referred to in paragraph (i) above.

Risk Management Policy and Process

The Manager has employed a risk management process to monitor and manage the risks associated with the Fund's investment in financial derivatives which currently comprise primarily exchange traded index futures. All transactions of index futures are captured and consolidated by proprietary in-house trading systems so that outstanding positions can be monitored on a mark-to-market basis. In addition, processes are in place with a view to ensuring that any investment in financial derivatives for the Fund will not result in any deviation from its investment objectives and/or breach of investment restrictions applicable to the Fund. The Manager has also put in place procedures for the selection, evaluation, approval and monitoring of futures brokers. Further details of the risk management policy and process are available from the Manager upon written request.

Borrowing Restrictions

The Manager may borrow up to 50% of the Net Asset Value of the Fund, both to acquire investment for

the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under “VALUATION OF FUNDS AND UNIT PRICES”.

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Appendix 1

The following paragraphs are extracted and derived from the Hong Kong Offering Document of the Hang Seng H-Share Index ETF that can be downloaded from the web site www.hangseng.com/etf. They are provided for information only and should be read in conjunction with the full text of the aforesaid Hong Kong Offering Document.

The Hang Seng H-Share Index ETF (the “H-Share ETF”)

The H-Share ETF is a sub-fund of the Hang Seng Investment Index Fund Series (the “ETF Series”). The ETF Series is a unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 18 November 2003 between Hang Seng Investment Management Limited as the manager, HSBC Provident Fund Trustee (Hong Kong) Limited as the trustee and Hang Seng Data Services Limited. The ETF Series and its first sub-fund, the H-Share ETF, have been authorised by the SFC and the H-Share ETF is listed on the SEHK. Units of the H-Share ETF can be traded in such a way as other shares listed on the SEHK. The SFC and the SEHK take no responsibility for the financial soundness of the ETF Series or the H-Share ETF and the approval of listing by the SEHK does not imply official recommendation of an investment in the ETF Series or in the H-Share ETF. SFC authorisation is not a recommendation or endorsement of the ETF Series or the H-Share ETF nor does it guarantee the commercial merits of the ETF Series or the H-Share ETF or the performance of the ETF Series or the H-Share ETF. It does not mean the ETF Series or the H-Share ETF is suitable for all investors nor is it an endorsement of the suitability of the ETF Series or the H-Share ETF for any particular investor or class of investors.

Similar to the investment objective of the Fund, H-Share ETF seeks to provide investment returns that match as closely as practicable, before expenses, the performance of the Hang Seng China Enterprises Index (the “Index”).

The manager of the H-Share ETF will primarily adopt a replication strategy. In order to maximise portfolio management efficiency, minimise transaction costs and tracking error, exposure to the Index may also be obtained through other index-tracking strategies or financial instruments from which the return to the ETF will substantially reflect the performance of the Index. Such strategies and instruments will be chosen based on their correlation to the Index and cost efficiency in order to reflect the characteristics of the Index. The manager of the H-Share ETF may decide to utilise a representative sampling strategy or another investment strategy from time to time to achieve the H-Share ETF’s investment objective.

Investors should note the various risks relating to the Fund’s investment in the H-Share ETF which include the following:-

- Net Asset Value and Price Fluctuations
- Correlation to H-Share Index
- Trading and Listing Issues
- Stock Market Volatility
- Securities Lending
- Short Selling
- Issuer-Specific Changes
- Market Makers
- Risk of Termination of the H-Share ETF
- Risks associated with distribution out of capital or effectively out of capital
- General Risks of Investments associated with the Mainland

Investors should refer to the section headed “What are the Risks of Investing in the H-Share ETF?” in the Hong Kong offering document of the H-Share ETF for details of the risks involved.

The manager of the H-Share ETF does not have any discretion to take defensive positions where the Hong Kong stock market declines. Hence, any fall in the Index will result in a fall in the value of the H-Share ETF.

If the Index is discontinued or the licence of the manager of the H-Share ETF from the Index proprietor, Hang Seng Data Services Limited and the Index provider, Hang Seng Indexes Company Limited is terminated, the manager of the H-Share ETF may, in consultation with the trustee of the H-Share ETF, seek the relevant regulators' prior approval to replace the Index with an index that is tradable and has similar objectives to the Index. For the avoidance of doubt, the index-tracking element of the H-Share ETF's investment objective would remain unchanged. The SFC reserves the right to withdraw the authorisation of the H-Share ETF if the Index is no longer considered to be acceptable to the SFC.

Investors should also note that the performance of the Index and the H-Share ETF may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

The manager of the H-Share ETF, the Index provider, Hang Seng Indexes Company Limited ("HSIL") and the Index proprietor, Hang Seng Data Services Limited all are members of the HSBC Group. Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the manager of the H-Share ETF will in its best effort ensure that Unitholders are treated fairly.

Appendix 2

The Hang Seng China Enterprises Index (the "Index")

The Index, launched on 8 August 1994, comprises all H-share companies that have their primary listing on the Main Board of the SEHK. The Index is calculated with a base value of 2000 as of 3 January 2000. It 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 the constituent stocks in the Index announced by the SEHK.

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

In order to be included in the Index, a stock should be listed for at least one month by the review cut-off date and pass the 0.1% turnover velocity minimum requirement. Turnover velocity in each of the past 12 months is calculated for each stock based on 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:

$$\begin{array}{l} \text{Combined Market} \\ \text{Capitalisation} \\ \text{Ranking} \end{array} = \begin{array}{l} 50\% \text{ of Full Market Capitalisation} \\ + 50\% \text{ of Freefloat-adjusted Market Capitalisation} \end{array}$$

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.

As at 3 March 2015, the respective weightings of the top 10 largest constituent stocks of the Index were:

Stock Code	Stock Name	Weighting (%)
939	China Construction Bank Corporation - H Share	9.88
3988	Bank of China Ltd. - H Share	9.85
1398	Industrial and Commercial Bank of China Ltd. - H Share	9.74
2628	China Life Insurance Co. Ltd. - H Share	8.36
2318	Ping An Insurance (Group) Co. of China Ltd. - H Share	7.76
857	PetroChina Co. Ltd. - H Share	6.48
386	China Petroleum & Chemical Corporation - H Share	5.75
1288	Agricultural Bank of China Ltd. - H Share	3.27
2601	China Pacific Insurance (Group) Co., Ltd. - H Share	3.06
3968	China Merchants Bank Co. Ltd. - H Share	2.81

Real-time update of the Index can be obtained Thomson Reuters, Bloomberg and the website of HSIL at: <http://www.hsi.com.hk/>. The Index methodology and other important news relating to the Index are available at the HSIL website, <http://www.hsi.com.hk/>.

Please note:

- The list of constituent stocks which comprise the Index is reviewed by HSIL on a quarterly basis. The composition of the Index may change and its constituent companies may be substituted with other companies as determined by HSIL.
- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
- Under the terms of the licence agreement regarding the use of the Index, the Manager will indemnify HSIL and Hang Seng Data Services Limited (the "HSDS") against, among other things, any loss of whatsoever nature which either of them may suffer (including in respect of any claim by any current, former or future Unitholder or investor) as a result of any act or omission of HSIL and HSDS in respect of or in connection with the trading in the Fund, use of the Index in connection with such trading, computation of the Index, or any errors, mistakes or omissions in making such computation or in collecting or using relevant information for that purpose (except in cases of their wilful misconduct, bad faith or dishonesty). The Manager will also indemnify HSIL and HSDS on a full indemnity basis for, among other things, any loss which either of them may suffer as a result of any default by the Manager or any of its duly appointed agents in the performance and observance of the provisions of the license agreement and any misuse or unauthorised use of the Index. As the Manager is entitled to be indemnified from the Fund's assets in respect of any claims made against it including those in relation to the license agreement provided that such losses are not due to the negligence, default, breach of duty or trust on the part of the Manager, this may result in a decrease in the Net Asset Value of the Fund.

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Mainland China / Hong Kong Fund Series

HANG SENG PROPERTY SECTOR FLEXIPOWER FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Property Sector FlexiPower Fund (the "Fund") is to achieve long term capital appreciation by primarily investing in the securities of properties and construction related companies with major business focus in Hong Kong and/or the PRC which are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). In addition, the Fund may also invest in the securities of properties and construction related companies which are listed on other overseas exchanges. The Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio, subject to SFC's prior approval.

In order to maximize return for investors, the Fund's portfolio will be actively managed by employing both quantitative and qualitative analysis in selecting securities which have potential for investments, without reference to any market index as an investment indicator.

Change from direct investment fund to feeder fund

In future, the Manager may elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund (the "Underlying Fund").

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Change of Underlying Fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;

- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may also elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Distribution Policy

Both Income Units and Accumulation Units are available for issue. Income Units are Units that distribute income. Accumulation Units are Units that accumulate the income arising in respect of those Units.

For Income Units, the Manager may in its discretion make distributions to Unitholders out of the Fund at such times as the Manager considers appropriate, having regard to the net income of the Fund and any realised and unrealised capital gains relating to Income Units. Each distribution from the Fund will be made in the form of cash payment.

For Accumulation Units, no distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue. Currently, Accumulation Units (Class A) are available for subscription by retail investors. Income Units (Class A) are only available for subscription by investors selected by the Manager. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor.

Both Income Units and Accumulation Units are issued for Class A Units. Two designations of Units are available within the Fund:-

References to a particular Class of Units shall mean both Income Units and Accumulation Units designated for the Class.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of subscription applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on the SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of redemption and switching applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee ²	Class A	Up to 1.5%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$195,000,000 Up to 0.1% in respect of Net Asset Value in excess of HK\$195,000,000

Notes:

1. Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.
2. The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the investment overall portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with investing in equities

The Fund is subject to the risks generally associated with equities investment, namely, the market value of the stocks may go down as well as up. Investors may not be able to get back their original investments. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in local and global marketplace. Securities exchanges normally have the right to suspend or limit trading in any securities traded on the relevant exchanges under certain circumstances. A suspension or limitation on trading means liquidation of such securities is impossible and the Fund may be subject to losses.

Concentration Risk

There is a high concentration risk. To the extent that the Fund's investments concentrate in securities of properties and construction related companies in Hong Kong and/or the PRC, the Fund's performance would depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

Risks associated with investing in companies concentrating in real estate and construction business

Investors should note that their investments in the Fund may be more susceptible to fluctuations in value of real estate and risks associated with real estate investments and construction business.

Value of real estate may be affected by a number of factors, including but not limited to changes in the general economy and market conditions (such as supply of land or demand for certain types of real estate in a particular location). In addition, value of real estate may also be affected by other factors such as regulations and policies, interest rate levels, the availability of financing and potential liability arising from any change in laws, regulations or policies relating to environment and zoning, in particular, tax in certain countries.

In respect of those companies income of which is significantly derived from rental income, their cash flow may be adversely affected if a significant number of their tenants fail to meet their obligations upon due or if those companies are unable to lease their properties or there is a significant drop in rental rate in a given market condition.

In respect of those companies concentrating in real estate and construction business (e.g. property development and construction projects), their assets are relatively illiquid which may limit the ability of such companies to react promptly in response to any change in economic or market conditions. In addition, certain significant expenditures associated with their investments (such as financing costs, real estate related taxes and maintenance and insurance costs) may remain unchanged or just reduce to a lesser extent in a declining market and hence may result in a significant drop in profits. Those companies are also susceptible to restrictions on property development and construction activities and risks of unsuccessful development and construction activities (such as costs overrun, increase in financing costs and lack of cash flow at different construction phases). Any downturn in value of real estate may also result in a downturn in the construction and construction related industry.

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in H-shares and red chip shares, the Fund is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalization or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasize decentralization and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorised by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each

business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

PRC Tax Risk

Investors should note that where the Fund invests in shares (e.g. H-shares, certain red chip shares, A-shares through Qualified Foreign Institutional Investors ("QFIIs") and/or B-shares) of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's investments in shares of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

The Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission of the PRC have jointly issued Caishui [2014] No.79 dated 31 October 2014 – "The Circular on issues concerning the temporary exemption from the imposition of PRC Enterprise Income Tax on gains derived by QFIIs and Renminbi Qualified Foreign Institutional Investors ("RQFIIs") from

the transfer of PRC equity interest investments such as PRC domestic stocks” (the “Circular”). The Circular states that: (i) with effect from 17 November 2014, gains derived by QFII and RQFII from the transfer of PRC equity interest investments such as PRC domestic stocks are temporarily exempt from the Enterprise Income Tax; and (ii) Enterprise Income Tax is imposed on the said gains derived by QFII and RQFII prior to 17 November 2014 in accordance with law. The Circular applies to QFII and RQFII without an establishment or place in mainland China or where the QFII/RQFII has an establishment or place in mainland China, the said gains are not actually connected to such establishment or place in mainland China. In light of the Circular, the Manager has not made any provision for taxes or deducted or withheld any amount on account of taxes in respect of gains derived from the Fund’s investments in A-shares through QFII from assets of the Fund on and from 17 November 2014. The Enterprise Income Tax previously provided on the gains derived by the Fund from the disposals of the Fund’s investments in A-shares through QFII prior to 17 November 2014 will continue to be withheld by the Fund.

However, there are still uncertainties as to the application of the Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to how the actual PRC tax liabilities for gains realised on disposal of the Fund’s investments in A-shares through QFII prior to 17 November 2014 (i.e. the effective date from which gains realised on disposal of investments in A-shares through QFII are exempt from Enterprise Income Tax) will be derived and whether gains realised on the disposals of the Fund’s investments in B-shares, H-shares and/or certain red chip shares would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, in respect of the gains realised on disposal of the Fund’s investments in B-shares, the Manager makes a 10% provision for taxes or deducts or withholds an amount on account of taxes from assets of the Fund.

If there is any change in the tax rate for withholding as stipulated in the PRC Enterprise Income Tax Law and its implementation rules, which the Manager considers will result in a significant change in the amount of provision for taxes to be made by the Fund, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

Any provision for taxes made or withheld by the Manager may be more than or less than the Fund’s actual PRC tax liabilities. Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such adjustments to the amount of provision for taxes as it considers necessary as soon as practicable. In case of a difference between the Fund’s provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund’s assets (as the case may be). As a result, the income from, and/or the performance, of the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund’s provision for taxes and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund’s actual PRC tax liabilities are higher than the provision for taxes made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund’s actual PRC tax liabilities are lower than the provision for taxes made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority’s ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager’s over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is no assurance that any tax incentive measures which are applicable to the Fund's investment in A-shares through QFII (such as current exemption of business tax to QFIIs on gains on disposal of investment in A-shares through QFII) will not be repealed. It should also be noted that the Circular states the exemption from the imposition of Enterprise Income Tax on gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments is temporary. As of the date of this document, it is uncertain as to when the exemption will be expired in which case the Fund may need to recommence the provision for taxes on the said gains. This may have a significant negative impact to the Net Asset Value of the Fund. Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in shares of which the incomes are derived from the mainland China are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in shares of which the incomes are derived from the mainland China.

Investment Restrictions

For so long as the Fund is a direct investment fund, the Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Where the Manager elects to change the Fund to a feeder fund, the Fund will be subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Borrowing Restrictions

The Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investment for the Fund and to meet redemptions and other expenses of the Fund.

Where the Manager elects to change the Fund to a feeder fund, the Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Mainland China / Hong Kong Fund Series

HANG SENG FINANCIAL SECTOR FLEXIPOWER FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Financial Sector FlexiPower Fund (the "Fund") is to achieve long term capital appreciation by primarily investing in the securities of financial services companies with major business focus in Hong Kong and/or the PRC which are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). In addition, the Fund may also invest in the securities of other financial services companies which are listed on other overseas exchanges. In investing the Fund, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio, subject to SFC's prior approval.

In order to maximize return for investors, the Fund's portfolio will be actively managed by employing both quantitative and qualitative analysis in selecting securities which have potential for investments, without reference to any market index as an investment indicator.

Change from direct investment fund to feeder fund

In future, the Manager may, subject to the prior approval of the SFC, elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund (the "Underlying Fund").

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Change of Underlying Fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may, subject to the prior approval of the SFC, elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Distribution Policy

It is proposed not to make distributions in respects of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of subscription applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and

provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on the SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of redemption and switching applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s) and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee ²	Class A	Up to 1.5%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$195,000,000 Up to 0.1% in respect of Net Asset Value in excess of HK\$195,000,000

Notes:

1. Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.
2. The fees of any sub-advisors appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the “RISK FACTORS” section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund’s underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with investing in equities

The Fund is subject to the risks generally associated with equities investment, namely, the market value of the stocks may go down as well as up. Investors may not be able to get back their original investments. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in local and global marketplace. Securities exchanges normally have the right to suspend or limit trading

in any securities traded on the relevant exchanges under certain circumstances. A suspension or limitation on trading means liquidation of such securities is impossible and the Fund may be subject to losses.

Concentration Risk

There is a high concentration risk. To the extent that the Fund's investments concentrate in the securities of financial services companies in Hong Kong and/or the PRC, the Fund's performance would depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

Risks associated with investing in companies concentrating in financial service business

Investors should note that as the Fund invests principally in securities of companies in the financial service sector, such as banking, insurance and financial services, an investment in the Fund may be more vulnerable to price fluctuations of shares of financial service companies and other factors that particularly affect financial service industries as compared to an investment in a more broadly diversified fund. In particular, the prices of shares of many financial service companies have shown to be more closely related to changes in interest rate as compared to prices of shares of companies in other sectors. In general, the stock prices of financial service companies are more sensitive to the movement of interest rate. Normally, when interest rates go up, stock prices of financial service companies will go down, and vice versa.

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in H-shares and red chip shares, the Fund is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalization or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasize decentralization and the utilisation of market forces in the development of the PRC

economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorised by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be

no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

PRC Tax Risk

Investors should note that where the Fund invests in shares (e.g. H-shares, certain red chip shares, A-shares through Qualified Foreign Institutional Investors (“QFIIs”) and/or B-shares) of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund’s investments in shares of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

The Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission of the PRC have jointly issued Caishui [2014] No.79 dated 31 October 2014 – “The Circular on issues concerning the temporary exemption from the imposition of PRC Enterprise Income Tax on gains derived by QFIIs and Renminbi Qualified Foreign Institutional Investors (“RQFIIs”) from the transfer of PRC equity interest investments such as PRC domestic stocks” (the “Circular”). The Circular states that: (i) with effect from 17 November 2014, gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments such as PRC domestic stocks are temporarily exempt from the Enterprise Income Tax; and (ii) Enterprise Income Tax is imposed on the said gains derived by QFIIs and RQFIIs prior to 17 November 2014 in accordance with law. The Circular applies to QFIIs and RQFIIs without an establishment or place in mainland China or where the QFII/RQFII has an establishment or place in mainland China, the said gains are not actually connected to such establishment or place in mainland China. In light of the Circular, the Manager has not made any provision for taxes or deducted or withheld any amount on account of taxes in respect of gains derived from the Fund’s investments in A-shares through QFII from assets of the Fund on and from 17 November 2014. The Enterprise Income Tax previously provided on the gains derived by the Fund from the disposals of the Fund’s investments in A-shares through QFII prior to 17 November 2014 will continue to be withheld by the Fund.

However, there are still uncertainties as to the application of the Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to how the actual PRC tax liabilities for gains realised on disposal of the Fund’s investments in A-shares through QFII prior to 17 November 2014 (i.e. the effective date from which gains realised on disposal of investments in A-shares through QFII are exempt from Enterprise Income Tax) will be derived and whether gains realised on the disposals of the Fund’s investments in B-shares, H-shares and/or certain red chip shares would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, in respect of the gains realised on disposal of the Fund’s investments in B-shares, the Manager makes a 10% provision for taxes or deducts or withholds an amount on account of taxes from assets of the Fund.

If there is any change in the tax rate for withholding as stipulated in the PRC Enterprise Income Tax Law and its implementation rules, which the Manager considers will result in a significant change in the amount of provision for taxes to be made by the Fund, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

Any provision for taxes made or withheld by the Manager may be more than or less than the Fund's actual PRC tax liabilities. Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such adjustments to the amount of provision for taxes as it considers necessary as soon as practicable. In case of a difference between the Fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance, of the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund's provision for taxes and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund's actual PRC tax liabilities are higher than the provision for taxes made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund's actual PRC tax liabilities are lower than the provision for taxes made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority's ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is no assurance that any tax incentive measures which are applicable to the Fund's investment in A-shares through QFII (such as current exemption of business tax to QFIIs on gains on disposal of investment in A-shares through QFII) will not be repealed. It should also be noted that the Circular states the exemption from the imposition of Enterprise Income Tax on gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments is temporary. As of the date of this document, it is uncertain as to when the exemption will be expired in which case the Fund may need to recommence the provision for taxes on the said gains. This may have a significant negative impact to the Net Asset Value of the Fund. Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in shares of which the incomes are derived from the mainland China are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in shares of which the incomes are derived from the mainland China.

Investment Restrictions

For so long as the Fund is a direct investment fund, the Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Where the Manager elects to change the Fund to a feeder fund, the Fund will be subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed as a single entity.

Borrowing Restrictions

The Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Where the Manager elects to change the Fund to a feeder fund, the Manager may borrow up to 10% of

the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under the section “VALUATION OF FUNDS AND UNIT PRICES”.

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Mainland China / Hong Kong Fund Series

HANG SENG CONSUMER SECTOR FLEXIPOWER FUND

(a Fund of Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Consumer Sector FlexiPower Fund (the "Fund") is to achieve long term capital appreciation by primarily investing in the securities of companies in the consumer industry with major business focus in Hong Kong and/or the PRC which are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). In addition, the Fund may also invest in the securities of companies in the consumer industry which are listed on other overseas exchanges. In investing the Fund, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio, subject to SFC's prior approval.

In order to maximize return for investors, the Fund's portfolio will be actively managed by employing both quantitative and qualitative analysis in selecting securities which have potential for investments, without reference to any market index as an investment indicator.

Change from direct investment fund to feeder fund

In future, the Manager may, subject to the prior approval of the SFC, elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund (the "Underlying Fund").

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Change of Underlying Fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;
- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may, subject to the prior approval of the SFC, elect to invest the Fund directly in securities rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Distribution Policy

It is proposed not to make distributions in respects of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Only Class A Units are available for issue and the current designation of such Units is "Class A1" Units. The Manager may at its full discretion issue further series of Class A Units which will be successively numbered in numerical sequence when issued. Thus, the next "series" of Class A Units, if and when available for issue, will be designated as "Class A2" Units. The Manager reserves the right to close an existing series of Class A Units for new subscription although redemption will be allowed to continue according to the then current redemption procedures. If this is the case, a one month prior notice will be given to the Unitholders. Where an existing series of Class A Units are closed for new subscription, the Manager may, at its discretion, make available a new series of Class A Units for subscription.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of subscription applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on

the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within the settlement period for transactions on the SEHK (currently 2 Business Days of the relevant Dealing Day) unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager before the official closing time of the SEHK on that Dealing Day. The current cut-off time for the receipt of redemption and switching applications by the Manager is 4:00 p.m. (Hong Kong time) if it is a full trading day of the SEHK or if the SEHK opens for normal trading only in the afternoon, or 12:00 noon (Hong Kong time) if the SEHK opens for normal trading only in the morning on the relevant Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s) and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund. For the avoidance of doubt, Class A Units of different series of the Fund are considered as of the same class as Class A Units, Income Units (Class A) or Accumulation Units (Class A) of another Fund (depending on which Fund) in the Hang Seng Investment Series.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee ²	Class A	Up to 1.5%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$195,000,000 Up to 0.1% in respect of Net Asset Value in excess of HK\$195,000,000

Notes:

1. Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.
2. The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Incentive Fee

The Manager is also entitled to an incentive fee on all Class A Units as from their respective launch date, calculated and accrues on each Dealing Day and payable in arrears after the end of each financial year of the Fund.

In respect of each class of Units on each Dealing Day, an incentive fee is payable where: (i) there is an increase in the Net Asset Value per Unit (after deduction of all other charges and expenses but before taking into account the subscription and redemption for such Dealing Day and the relevant deduction for the incentive fee accrual for such day) as compared to that for the previous Dealing Day, (ii) such increase in Net Asset Value per Unit is higher than the simple daily equivalent of the Benchmark (as defined below), and (iii) such Net Asset Value per Unit is higher than the High Watermark (as defined below). In such case, an incentive fee for all Class A Units of the relevant series for such Dealing Day will accrue and be calculated at the rate up to 15% on the difference between the change in the Net Asset Value per Unit since the previous Dealing Day and the simple daily equivalent of the Benchmark, as multiplied by the number of Units in issue immediately after such Dealing Day and the Net Asset Value per Unit (after deduction of all charges and expenses but before taking into account the subscription and redemption for such Dealing Day and the relevant deduction for the incentive fee accrual for such day). The Net Asset Value per Unit for the Dealing Day on 10 April 2007 will be set as the High Watermark for all Class A1 Units. Where a new series of Class A Units of the Fund is issued, the initial Net Asset Value per Unit of that new series will be set as the High Watermark for that new series. The Benchmark for all series of Class A Units is 10% per annum growth on the Net Asset Value per Unit of the relevant series. The Manager reserves the right to change the Benchmark. Should any proposed lowering of the Benchmark causes an increase in the incentive fee, 1 month's prior notice will be given to the Unitholders before such change shall take effect.

The incentive fee for each Dealing Day will accrue and be included in the Unit price to be used for the

purpose of subscription and redemption of Units in the relevant series. Where, in respect of a Dealing Day, however, there is a decrease in the Net Asset Value per Unit since the previous Dealing Day or the increase in the Net Asset Value per Unit for a Dealing Day is lower than the simple daily equivalent of the Benchmark, although no incentive fee will be payable for that Dealing Day, the above formula will still be applied to calculate the incentive fee accrual for that day and the resulting amount will be a negative figure. Such negative figure of incentive fee accrual will be applied to reduce the incentive fee accrued for the series so far until the accrual reaches a minimum level of zero. No incentive fee will be payable to the Manager until the incentive fee accrual reverts to a positive figure again.

At the end of a financial year, the total amount (if any) of the incentive fee accrual will be paid to the Manager. Where incentive fee is payable to the Manager for a financial year, and if the Unit price used for subscription and redemption of Units in the relevant series on the last Dealing Day of such financial year is higher than the High Watermark currently used in the formula for determination of the incentive fee, such Unit price will be set as the High Watermark for such series for the next financial year. Where, however, no incentive fee is payable to the Manager for such financial year or the Unit price on the last Dealing Day of such financial year is lower than the High Watermark currently used, there will not be any resetting of High Watermark and the High Watermark currently used will continue to be the High Watermark to be used for the series for the next financial year.

When there has already been accumulated an incentive fee accrual during a period of positive performance for the relevant series of Class A Units which then attracts significant new subscription for Units in the series, followed by a period of negative performance, all Unitholders of that series will participate (in proportion to their unitholding) in the reduction of the total amount of incentive fee accrual, regardless of the time at which their investment in the relevant series is made. Also, if the Net Asset Value per Unit of a series of Class A Units is rising but is still below the High Watermark, no incentive fee will accrue and be payable to the Manager and this will benefit investors who invest in Units that are newly issued. The Manager reserves the right, in such situations, to immediately close the relevant series of Class A Units for new subscription although redemption will continue according to the then current redemption procedures. The Manager may, however, at its discretion, make available a new series of Class A Units for subscription. The respective initial Net Asset Value per Unit of the new series of Class A Units as on the launch date will be set as the respective High Watermark for such new series of Class A Units.

If any Class A Units is redeemed on a Dealing Day, the incentive fee accrued so far in respect of such Class A Units will crystallise and be paid to the Manager at the end of the financial year.

The price at which Unitholders subscribe or redeem Units at different times will be affected by the amount of incentive fee accrual imbedded therein which may vary each day and in turn is determined by the performance of the Fund and the level of subscription to and redemption out of the Fund at different times during the year and there will not be any adjustment to the relevant Unit price.

For details of the incentive fee calculation and the relevant High Watermark relating to a particular series of Class A Units, investors may contact the Authorised Distributor of the Fund.

Currently, the incentive free for Class A1 Units of the Fund has been waived.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising

from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with investing in equities

The Fund is subject to the risks generally associated with equities investment, namely, the market value of the stocks may go down as well as up. Investors may not be able to get back their original investments. Factors affecting the stock values are numerous, including but are not limited to changes in investment sentiments, political environment, economic environment, business and social conditions in local and global marketplace. Securities exchanges normally have the right to suspend or limit trading in any securities traded on the relevant exchanges under certain circumstances. A suspension or limitation on trading means liquidation of such securities is impossible and the Fund may be subject to losses.

Concentration Risk

There is a high concentration risk. To the extent that the Fund's investments concentrate in the securities of companies in the consumer industry in Hong Kong and/or the PRC, the Fund's performance would depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

Risks associated with investing in companies concentrating in consumer industry business

Investors should note that as the Fund invests principally in securities of companies in the consumer sector, such as industries involved in manufacture and distribution of goods and services to consumer, an investment in the Fund may be more vulnerable to price fluctuations of shares of companies in the consumer industry and other factors that particularly affect consumer industry as compared to an investment in a more broadly diversified fund.

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in H-shares and red chip shares, the Fund is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalization or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasize decentralization and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorised by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the

stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

PRC Tax Risk

Investors should note that where the Fund invests in shares (e.g. H-shares, certain red chip shares, A-shares through Qualified Foreign Institutional Investors ("QFIs") and/or B-shares) of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's investments in shares of which the incomes (such as dividends) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

The Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission of the PRC have jointly issued Caishui [2014] No.79 dated 31 October 2014 – "The Circular on issues concerning the temporary exemption from the imposition of PRC Enterprise Income Tax on gains derived by QFIs and Renminbi Qualified Foreign Institutional Investors ("RQFIs") from the transfer of PRC equity interest investments such as PRC domestic stocks" (the "Circular"). The Circular states that: (i) with effect from 17 November 2014, gains derived by QFIs and RQFIs from the transfer of PRC equity interest investments such as PRC domestic stocks are temporarily exempt from the Enterprise Income Tax; and (ii) Enterprise Income Tax is imposed on the said gains derived by QFIs and RQFIs prior to 17 November 2014 in accordance with law. The Circular applies to QFIs and RQFIs without an establishment or place in mainland China or where the QFII/RQFII has an establishment or place in mainland China, the said gains are not actually connected to such establishment or place in mainland China. In light of the Circular, the Manager has not made any provision for taxes or deducted or withheld any amount on account of taxes in respect of gains derived from the Fund's investments in A-shares through QFII from assets of the Fund on and from 17 November 2014. The Enterprise Income Tax previously provided on the gains derived by the Fund

from the disposals of the Fund's investments in A-shares through QFII prior to 17 November 2014 will continue to be withheld by the Fund.

However, there are still uncertainties as to the application of the Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to how the actual PRC tax liabilities for gains realised on disposal of the Fund's investments in A-shares through QFII prior to 17 November 2014 (i.e. the effective date from which gains realised on disposal of investments in A-shares through QFII are exempt from Enterprise Income Tax) will be derived and whether gains realised on the disposals of the Fund's investments in B-shares, H-shares and/or certain red chip shares would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, in respect of the gains realised on disposal of the Fund's investments in B-shares, the Manager makes a 10% provision for taxes or deducts or withholds an amount on account of taxes from assets of the Fund.

If there is any change in the tax rate for withholding as stipulated in the PRC Enterprise Income Tax Law and its implementation rules, which the Manager considers will result in a significant change in the amount of provision for taxes to be made by the Fund, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

Any provision for taxes made or withheld by the Manager may be more than or less than the Fund's actual PRC tax liabilities. Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such adjustments to the amount of provision for taxes as it considers necessary as soon as practicable. In case of a difference between the Fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance, of the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund's provision for taxes and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund's actual PRC tax liabilities are higher than the provision for taxes made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund's actual PRC tax liabilities are lower than the provision for taxes made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority's ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is no assurance that any tax incentive measures which are applicable to the Fund's investment in A-shares through QFII (such as current exemption of business tax to QFIIs on gains on disposal of investment in A-shares through QFII) will not be repealed. It should also be noted that the Circular states the exemption from the imposition of Enterprise Income Tax on gains derived by QFIIs and RQFIIs from the transfer of PRC equity interest investments is temporary. As of the date of this document, it is uncertain as to when the exemption will be expired in which case the Fund may need to recommence the provision for taxes on the said gains. This may have a significant negative impact to the Net Asset Value of the Fund. Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could

become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in shares of which the incomes are derived from the mainland China are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in shares of which the incomes are derived from the mainland China.

Investment Restrictions

For so long as the Fund is a direct investment fund, the Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Where the Manager elects to change the Fund to a feeder fund, the Fund will be subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed as a single entity.

Borrowing Restrictions

The Manager may borrow up to 25% of the Net Asset Value of the Fund, both to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Where the Manager elects to change the Fund to a feeder fund, the Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under the section "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Mainland China / Hong Kong Fund Series / Bond Fund Series

HANG SENG HONG KONG BOND FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Hong Kong Bond Fund (the "Fund") is to maximise total returns while maintaining steady current income through investing in a range of Hong Kong dollar-denominated debt securities issued by entities within or outside Hong Kong, together with other debt securities issued by Hong Kong entities. In addition, the Fund may invest in debt securities issued or guaranteed by the government of the People's Republic of China ("PRC"), any of its provinces, any related quasi-governmental organisation or any government-owned organisation. In investing the Fund, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio, subject to SFC's prior approval.

Distribution Policy

Both Income Units and Accumulation Units are available for issue.

Income Units

Income Units are Units that distribute income.

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on a semi-annual basis (i.e. June and December in each year). Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangseng.com/fundsupermart.

Accumulation Units

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Different classes of Units, namely, Class A Units, Class I Units and Class Z Units are available for issue, which are subject to different levels of fees and charges, as set out in this Term Sheet. Class A Units are available for subscription by retail investors. Class I Units are in general available for subscription by

institutional investors. Class Z Units are only available for subscription by investors selected by the Manager. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor.

Both Income Units and Accumulation Units are issued for each class of Units. Six designations of Units are available within the Fund:-

Income Units (Class A)	Accumulation Units (Class A)
Income Units (Class I)	Accumulation Units (Class I)
Income Units (Class Z)	Accumulation Units (Class Z)

References to a particular Class of Units shall mean both Income Units and Accumulation Units designated for that Class.

Units are available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 4:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that interest of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within 3 Business Days of that Dealing Day unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units and up to 2.0 % of the issue price of Class I Units on the issue of such Units. No preliminary charge will be levied on the issue of Class Z Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, requests for redemption or switching of Units must be received by the Manager prior to 4:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that interest of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant

cut-off time, the Manager shall have the discretion to determine whether to accept such late application as application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units, Class I Units and Class Z Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in the Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

No switching fee will be charged in respect of switching of Class Z Units of another Fund in the Hang Seng Investment Series and of Class Z Units of a fund in other investment series managed by the Manager into Class Z Units of the Fund.

However, the Manager is entitled to charge a switching fee of up to 1.0% of the issue price of the relevant Class Z Units as on the day of switching where the Manager considers that there has been undue frequent switchings from the same investor within a short period of time.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund attributable to the relevant Classes of Units:-

Management Fee ²	Class A	Up to 1.5%
	Class I	Up to 1.0%
	Class Z	
Administration Fee	Class A	Not Applicable
	Class I	
	Class Z	
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.1% in respect of Net Asset Value up to HK\$200,000,000 Up to 0.075% in respect of Net Asset Value in excess of HK\$200,000,000
	Class I	
	Class Z	

Notes:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.
- The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

The fees paid to the Manager and to the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the “RISK FACTORS” section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund’s underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investment (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Investment Risk

As the underlying investments of the Fund are debt securities and such debt securities may fall in value, investors may suffer loss. Further, the Fund has no guarantee in respect of repayment of principal and investors may not get back the capital invested. Investing in the Fund is not the same as placing deposits with a bank or investing directly in debt securities.

Risks associated with investments in debt securities

The value of the Fund’s investments in debt securities may be positively or negatively affected if interest rates change. Generally, the value of debt securities will change inversely with changes in interest rates. An increase in interest rates may adversely affect the value of the debt securities held by the Fund, which may adversely affect the value of the Fund.

The Fund is also subject to the risk that the issuer(s) of the debt securities being unable or unwilling to make timely principal and/or interest payment, or to honour its obligations. An issuer’s ability to service debt may be adversely affected by an economic recession and adverse political and social changes in general as well as business, financial and other situations particular to such issuer. If the issuer(s) of the debt securities in which the Fund invests defaults, the performance of the Fund will be adversely affected.

Investors should also note that:

- (i) Debt securities are subject to actual and perceived measures of creditworthiness. Where a debt security is rated, the “downgrading” of such rated debt security or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of the security.
- (ii) Emerging market debt securities are generally accompanied by higher risks, due to the greater political and credit risks associated with investing in the asset class, but they can also potentially enhance income and return for investors. Therefore, investors should be prepared for greater

volatility than investment in debt securities in developed markets, with an increased risk of capital loss.

- (iii) The Fund may invest in debt securities which are or are not of investment grading, and are typically unsecured debt obligations not supported by any collateral. The Fund may be fully exposed to the credit/ insolvency risk of its counterparties as an unsecured creditor. For debt securities that are unrated, they are generally subject to greater risk of loss of principal and interest than high-rated debt securities because, generally, they are of lower creditworthiness and liquidity and have greater fluctuation in value and higher chance of default.

Risks associated with distribution out of capital

For Income Units, the Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units of the Fund.

Investment Restrictions

The Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to acquire investments for the Fund and to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Mainland China / Hong Kong Fund Series / Bond Fund Series

HANG SENG MAINLAND AND HONG KONG CORPORATE BOND FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the “Explanatory Memorandum” and the Product Key Facts Statement of this Fund).

Investment Objective and Policies

The investment objective of the Hang Seng Mainland and Hong Kong Corporate Bond Fund (the “Fund”) is to maximise long term total returns, in terms of both income and capital appreciation, by investing primarily in a diversified portfolio of corporate bonds (including convertible bonds) which are traded in the Hong Kong marketplace, and with most of them being bonds issued by companies whose primary operations are in mainland China and/or Hong Kong.

In order to achieve its investment objective, not more than 30% of the non-cash assets of the Fund may also be invested in fixed income securities (including but not limited to corporate bonds, convertible bonds, agency bonds, quasi-governmental organisations bonds and sovereign bonds) issued in other Asian emerging markets. In investing for the Fund, the Manager may, with SFC’s prior approval and prior notice to relevant Unitholders, appoint one or more sub-advisors to manage part or all of the Fund’s portfolio.

The Fund will seek to achieve its investment objective by investing at least 50% of its non-cash assets in investment grade fixed income securities (i.e. those which are rated Baa3 or higher by Moody’s Investors Service or BBB- or higher by Standard & Poor’s or equivalent). **Nevertheless, investors should note that fixed income securities initially rated as investment grade may subsequently be downgraded or even fall below investment grade. In such cases, it may result in a breach of the investment restriction of 50% for non-investment grade and/or unrated fixed income securities. The Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the breach, having due regard to the interests of Unitholders.**

The Fund may also invest in non-investment grade and/or unrated fixed income securities. **Investors should note that fixed income securities which are lower-rated/non-investment grade (including those commonly known as “junk bonds”) or equivalent carry higher risks of default or being subject to other adverse credit events. Such risks could become more significant in extreme market conditions, thereby resulting in significant or total loss of the capital invested therein. There can be no assurance that the Fund will meet its investment objective.**

It is not the intention of the Manager to undertake foreign currency exposure to seek return for the Fund. Hence, the Fund will primarily invest in fixed income securities denominated in US dollars, i.e. the base currency of the Fund.

Investors can obtain the latest available information of the Fund, including its top investment holdings as at the latest month-end, from the website www.hangseng.com/fundsupermart.

Distribution Policy

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on a semi-annual basis (i.e. June and December in each year). Each distribution from the Fund will be made in the form of cash payment. The cash distribution

will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangseng.com/fundsupermart.

Issue of Units

Only Class A Units are available for issue.

Units will be available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 4:00 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time on a Dealing Day will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within 3 Business Days of that Dealing Day, unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

The Manager has an absolute discretion not to accept further applications for Units where the Net Asset Value of the Fund has reached USD30 million or to reject in whole or in part any application for Units of the Fund.

In the event that the Manager exercises such discretion, application moneys will be returned to the applicant(s) without interest by cheque through post at the risk of the person(s) entitled thereto or by telegraphic transfer at the discretion of the Manager and at the expense of the applicant(s) within ten Business Days after the exercise of such discretion.

Redemption and Switching of Units

Investors should note that the redemption price per Unit will be calculated based on the value of the Fund's investments at the time of redemption. Investors may lose all or substantial part

of their investment in the Fund.

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 4:00 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee ²	Class A	Up to 1.5%
Administration Fee	Class A	Not Applicable
Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to USD25,000,000 Up to 0.1% in respect of Net Asset Value in excess of USD25,000,000 Subject to a minimum monthly fee of up to USD4,500 per month

Notes:

1. Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Valuation Day and is payable monthly in arrears.
2. The fees of any sub-advisor appointed by the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the risk of substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with the underlying investments of the Fund

Return, if any, on an investment in the Fund is affected by factors such as interest rates, inflation, market sentiment, the availability and cost of credit, the liquidity of the global and local financial markets and the level and volatility of prices of the underlying equities and fixed income securities invested by the Fund.

As the principal investments of the Fund are in fixed income securities, the Fund will be subject to interest rate risk. The value of the Fund's investments in fixed income securities may be positively or negatively affected if interest rates change. Generally, the value of fixed income securities will change inversely with changes in interest rates. An increase in interest rates may adversely affect the value of the fixed income securities held by the Fund, which may adversely affect the value of the Fund. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than those with shorter durations. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities may not increase in value if interest rates decline.

The Fund will also be subject to counterparty and credit risks of the issuers of the fixed income securities in which the Fund invests. **Investors should note that there can be no assurance that the issuers of such fixed income securities will be able to fulfill their payment obligations thereunder.** The insolvency of and/or default in payment by such issuers would adversely affect the performance of the Fund.

The Fund's investments in fixed income securities which are lower-rated/non-investment grade (including those commonly known as "junk bonds") or equivalent, unrated fixed income securities and

other fixed income securities of emerging markets involve higher risks and special considerations need to be taken.

Risks associated with investing in lower-rated/non-investment grade fixed income securities

Fixed income securities which are lower-rated/non-investment grade (including those commonly known as “junk bonds”) or equivalent will usually offer higher yields to compensate for the reduced creditworthiness or increased or greater risk of default that these fixed income securities carry. Such fixed income securities are considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. Such default risks could be significant in adverse political, economic, financial, social and/or other market conditions, thereby resulting in significant or total loss of the capital invested therein.

Compared with investing in fixed income securities with higher ratings/investment grade, investing in lower-rated/non-investment grade fixed income securities involves certain additional risks including, without limitation, (i) limited or lack of liquidity (the Fund could lose money if it cannot sell an investment at the time and price that would be most beneficial to the Fund or cannot sell it at all), (ii) higher default rate, (iii) increased susceptibility to fluctuations in value resulting from adverse market conditions, and (iv) potential loss of the entire investment therein.

As the market value of lower-rated/non-investment grade fixed income securities reflects the financial and business situation of the relevant corporate and investors’ perceptions of that situation, lower-rated/non-investment grade fixed income securities may be adversely affected by adverse publicity and investor perceptions (which may or may not be based on fundamental analysis), economic downturns, specific corporate developments of the issuer or the issuer’s ability to meet projected business forecasts. The price of such investments may also change suddenly and unexpectedly. A default or expected default by the relevant issuer could also make it difficult for the Fund to sell the relevant fixed income securities at a price approximating the value previously placed on it.

Risks associated with bond issuers with smaller market capitalisations

The general risks associated with bonds can be particularly pronounced for bonds issued by companies with smaller market capitalizations. These companies may have single or limited business areas, product lines, markets or financial resources or have businesses, properties and/or other assets concentrated in certain markets, sectors or geographical areas or they may depend on a few key employees. As a result, they may be subject to greater levels of credit, market and issuer risk. Bonds of smaller companies may trade less frequently and in lesser volumes than more widely held bonds of larger issuers and their values may fluctuate more sharply. Companies with medium-sized market capitalizations may have risks similar to those of smaller companies.

Risks associated with investing in fixed income securities of emerging markets

Investment in fixed income securities of emerging markets will be subject to higher risks as such fixed income securities will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation.

Other risks include, without limitation, currency fluctuations, the risks of investing in countries with smaller capital markets (such as limited liquidity, price volatility and restrictions on foreign investments), and additional risks associated with emerging economies (including high inflation and interest rates, substantial external debt and political and social uncertainties). Investors should be prepared for greater volatility with investment in fixed income securities issued in emerging markets than in developed markets.

The issuer or governmental authority that controls the repayment of an emerging market fixed income securities may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such fixed income securities. As a result of the foregoing, a government obligor may default on its obligation. If such an event occurs, the Fund may have limited recourse against the issuer

and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government fixed income securities to obtain recourse may be subject to the political climate in the relevant country.

Risks associated with investing in convertible bonds

The Fund may invest in convertible bonds. Convertibles are a hybrid between debt and equity, permitting holders to convert into shares or stocks in the company issuing the bond at a specified future date. Therefore, investors should be prepared for greater volatility than straight bond investments, with an increased risk of capital loss, but with the potential of higher returns (if any).

Concentration Risk

There is a high concentration risk. To the extent that the Fund's investments concentrate in fixed income securities issued by companies whose primary operations are in mainland China and/or Hong Kong, the Fund's performance would depend substantially on the performance of such market(s), and the Fund is likely to be more vulnerable than a broad-based fund as it is more susceptible to adverse conditions in such particular market(s).

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in fixed income securities issued by companies whose primary operations are in the mainland China, the Fund is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalisation or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorised by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Interbank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

PRC Tax Risk

Investors should note that where the Fund invests in fixed income securities of which the incomes (such as interest income) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's investments in fixed income securities of which the incomes (such as interest income) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

However, there are still uncertainties as to the application of the PRC Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to whether gains realised on disposal of the Fund's investments in fixed income securities of which the incomes are derived from the mainland China would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, the Manager has not made any provision for taxes. However, the Manager reserves the right to make any provision for taxes or deduct or withhold an amount on account of taxes from assets of the Fund according to the PRC Enterprise Income Tax Law and its implementation rules.

Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such provision for taxes or such adjustments to the amount of provision for taxes (if any) as it considers necessary as soon as practicable. If provision for taxes is to be made, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

In case of no provision for taxes being made or a difference between the Fund's provision for taxes (if any) and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance, of the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund's provision for taxes (if any) and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund's actual PRC tax liabilities are higher than the provision for taxes (if any) made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund's actual PRC tax liabilities are lower than the provision for taxes (if any) made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority's ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's investments in fixed income securities of which

the incomes are derived from the mainland China are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's investments in fixed income securities of which the incomes are derived from the mainland China.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is US dollars. Where an investment of the Fund is denominated in a currency which is different from the base currency of the Fund, the Fund may be adversely affected by changes in exchange rates between the currency in which the investment of the Fund is held and the base currency of the Fund.

Risks associated with distribution out of capital

The Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

Investment Restrictions

The Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet investments, redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Mainland China / Hong Kong Fund Series / Bond Fund Series

HANG SENG MAINLAND CHINA BOND FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Important: No offer or invitation to subscribe for Units in the Fund may be made to, and no Units in the Fund may be held by or transferred to, persons resided or domiciled in mainland China.

Investment Objective and Policies

The investment objective of the Hang Seng Mainland China Bond Fund (the "Fund") is to maximize total returns while maintaining steady current income through investing primarily in debt securities ("Debt Securities") including convertible bonds that are issued by: 1) any body or entity in the PRC ("PRC Entity"), or 2) any company with either a significant portion of its business activities conducted in the PRC or a substantial portion of its shareholdings held directly or indirectly by one or more PRC Entities. PRC Entities include, but are not limited to, the central government of the PRC, any PRC public or local authorities, any quasi-governmental organizations in the PRC, any PRC state-owned organizations or private enterprises and any banks or financial institutions incorporated in the PRC.

Convertible bonds can be converted into shares of the issuer(s), subject to the terms of the issue. Where convertible bonds in which the Fund invests are converted into shares of the issuer(s), the Fund may hold such shares up to one month.

The Fund may invest, in aggregate, not more than 30% of its Net Asset Value in the following types of Debt Securities:

- (i) Debt Securities that have a credit rating of Lower Grade ("Lower Grade" is defined as a credit rating of BB+ or below as rated by any PRC domestic credit rating agencies (currently, such PRC credit rating agencies include Shanghai Brilliance Credit Rating & Investors Service Company Limited, China Lianhe Credit Rating Company Limited, China Chengxin Security Rating Company Limited and Dagong Global Credit Rating Company Limited));
- (ii) Debt Securities that have a credit rating below Investment Grade ("Investment Grade" is defined as a credit rating of Baa3 or above as rated by Moody's Investors Service or BBB- or above as rated by Standard & Poor's or equivalent); and/or
- (iii) Debt Securities that are unrated securities (an "unrated security" is defined as a debt instrument which neither the debt instrument itself nor its issuer has a credit rating assigned by any credit rating agency. The Manager will first consider the credit rating of the debt instrument itself and only if it is not available, the Manager will then consider the credit rating of the issuer of the debt instruments, which will become the implied rating of the debt instruments).

Nevertheless, investors should note that Debt Securities which have a credit rating above Lower Grade or which are rated as Investment Grade at the relevant time may subsequently be downgraded or even fall to Lower Grade or fall below Investment Grade (as the case may be). In such cases, it may result in a breach of the investment restriction of 30% for the types of Debt Securities mentioned above. The Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the breach, having due regard to the interests of the Unitholders.

The Fund may also invest in Debt Securities which are denominated in currencies other than Renminbi and/or issued or listed outside the PRC.

Currently, the Fund may not invest in asset backed securities (including asset backed commercial papers or similar structured products) or in urban investment bonds (城投債) (i.e. debt instruments issued by local government financing vehicles established under the laws of the PRC and traded in the listed bond market and interbank bond market in the PRC). In the future, where the Manager intends to engage in any such transactions, the Manager will obtain the SFC's prior approval and provide not less than one month's prior notice to the relevant Unitholders.

The Fund will seek to achieve this investment objective by primarily investing through a Qualified Foreign Institutional Investor. In investing the Fund, the Manager may appoint one or more sub-advisors to manage part or all of the Fund's portfolio, subject to the SFC's prior approval.

Qualified Foreign Institutional Investor (“QFII”)

Under the prevailing laws, regulations and relevant administration requirements in the PRC, foreign investors may invest in mainland China's securities market through certain qualified foreign institutions that have been approved by the China Securities Regulatory Commission (“CSRC”) as a QFII and have been granted foreign exchange quotas by the State Administration of Foreign Exchange (“SAFE”) to remit foreign freely convertible currencies as permitted by SAFE to mainland China and convert into Renminbi for the purpose of investing in mainland China's securities market. Currently, the Manager intends to make the relevant investments in mainland China via Hang Seng Bank Limited (being the Manager's direct holding company and having its registered office at 83 Des Voeux Road Central, Hong Kong) using its QFII quota. As of the date of this document, Hang Seng Bank Limited is a QFII and its QFII custodian is China Construction Bank Corporation, which is one of the largest banks in mainland China. There is no delegation of the QFII custodian's functions to its associates within its group or to any other person(s). Subject to the relevant regulatory provisions, Hang Seng Bank Limited may change its QFII custodian from time to time and 1 month's prior notice will be given to the relevant Unitholders.

Distribution Policy

Both Income Units and Accumulation Units are available for issue.

Income Units

Income Units are Units that distribute income.

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make declaration of distribution on a semi-annual basis (i.e. June and December in each year). Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to the relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangseng.com/fundsupermart.

Accumulation Units

Accumulation Units are Units that accumulate the income arising in respect of those Units.

No distributions will be made. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Different classes of Units, namely, Class A Units and Class I Units are available for issue on each Dealing Day, which are subject to different levels of fees and charges as set out in this Term Sheet. Class A Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor.

Both Income Units and Accumulation Units are issued for each class of Units. Four designations of Units are available within the Fund:-

Income Units (Class A)	Accumulation Units (Class A)
Income Units (Class I)	Accumulation Units (Class I)

References to a particular Class of Units shall mean both Income Units and Accumulation Units designated for that Class.

Units are available for issue on each Dealing Day. A Dealing Day is any day which is both (i) a Business Day, and (ii) a full trading day on both the Shanghai Stock Exchange and the Shenzhen Stock Exchange. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of the other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due on that Dealing Day unless the Manager agrees to accept late payment. Payment must be made in HK dollars.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units and up to 2.0% of the issue price of Class I Units on the issue of such Units.

Redemption and Switching of Units

For redemption request to be dealt with on a Dealing Day, a request for redemption of Units must be received by the Manager prior to 7:00 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

The cut-off time for receipt of applications for switching into Units of the Fund is 7:00 p.m. (Hong Kong time) on each Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee. As such switching will only be effected upon receipt of cleared funds for the account of the Fund, such requests for switching into Units of the Fund will be dealt with on the Dealing Day when the switching proceeds from the original fund are received by the Manager prior to 7 p.m. (Hong Kong time) on that Dealing Day (normally, the switching proceeds from the original fund would be received by the Manager two Business Days after the Dealing Day on which the applications are accepted), or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of the other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units and Class I Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in the Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee, Trustee Fee and QFII Account Custody Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund, as well as the QFII Account Custody Fee:-

Management Fee ²	Class A	Up to 1.0%
	Class I	Up to 0.5%
Administration Fee	Class A	Not Applicable
	Class I	

Trustee Fee	Class A	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to HK\$195,000,000 Up to 0.1% in respect of Net Asset Value in excess of HK\$195,000,000
	Class I	
QFII Account Custody Fee	0.25% of the Fund's assets in the account held with the selected QFII as at month-end (excluding transaction fees)	

Notes:

1. Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.
2. The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

General risks of investments associated with the PRC

Political and economic considerations

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement in its economy, level of development, growth rate and control of foreign exchange. The regulatory and legal framework for capital markets and companies in the PRC is not well developed when compared with those of developed countries.

Investing in the securities markets in the PRC is subject to the risks of investing in emerging markets

generally and the risks specific to the PRC market in particular, which are not typically associated with investing in those of developed countries. General risks of investing in emerging markets include but are not limited to:

- less liquid and less efficient securities markets;
- greater price volatility;
- exchange rate fluctuations and exchange controls;
- less publicly available information about issuers;
- the imposition of restrictions on the repatriation of funds or other assets out of the country;
- higher transaction and custody costs and higher settlement risks;
- difficulties in enforcing contractual obligations;
- lesser levels of regulation of the securities markets;
- different accounting, disclosure and reporting requirements;
- more substantial government involvement in the economy;
- higher rates of inflation;
- social, political and economic instability; and
- risk of nationalization or expropriation of assets and risk of war or terrorism.

The above may affect the ability of the Fund to fully implement or pursue the investment objective and strategy of the Fund.

Investors should be aware that, for more than 50 years, the PRC government has adopted a planned economic system. Since 1978, the PRC government has implemented economic reform measures which emphasize decentralization and the utilisation of market forces in the development of the PRC economy. Such reforms have resulted in significant economic growth and social progress. However, many of the economic reforms in the PRC are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on securities markets. Also, many laws and regulations in the PRC are new and therefore untested and there is no certainty as to how they will be applied. They may also be varied in the future.

The PRC economy has experienced significant growth in the past few years, but such growth has been uneven both geographically and among the various sectors of the economy. Moreover, there can be no assurance that such growth can be sustained.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

Custody Risk

Custodians may not be able to offer the same level of service such as safe-keeping, settlement and administration of securities that is customary in more developed markets or countries.

As the Fund invests in mainland China through a QFII, the funds of the Fund used for investment in mainland China must be held by the custodian of such QFII. There is a risk that the Fund may suffer losses, whether direct or consequential, from the default or bankruptcy of the QFII custodian or disqualification of the QFII custodian from acting as a custodian. The Fund may also suffer losses due to the acts or omissions of the QFII custodian in the execution or settlement of any transaction or in the transfer of any funds or securities.

PRC government's control of currency conversion and future movements in exchange rates

As part of its currency reforms, the PRC government abolished its two-tier exchange rate system with effect from 1 January 1994 and replaced it with a unified controlled floating exchange rate system based on the supply and demand in the market. On 21 July 2005, the PRC government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of Renminbi is no longer

pegged to the US dollar, resulting in a more flexible Renminbi exchange rate system. China Foreign Exchange Trading System, authorized by the People's Bank of China ("PBOC"), promulgates the central parity rate of Renminbi against US dollar, Euro, Yen, pound sterling and Hong Kong dollar at 9:15 a.m. on each business day, which will be the daily central parity rate for transactions on the Inter-bank Spot Foreign Exchange Market and OTC transactions of banks. The exchange rate of Renminbi against the above-mentioned currencies fluctuates within a range above or below such central parity rate. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. There can be no assurance that such exchange rates will not fluctuate widely against US dollars, Hong Kong dollars or any other foreign currency in the future.

From 1994 to July 2005, the exchange rate for Renminbi against the US dollar and the Hong Kong dollar has been relatively stable. Since July 2005, the appreciation of Renminbi has begun to accelerate notably. Although the PRC government has constantly reiterated its intention to maintain the stability of the Renminbi, it may introduce measures (such as a reduction in the rate of export tax refund) to address the concerns of the PRC's trading partners. Therefore, the possibility that the appreciation of Renminbi will be further accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Fund.

Risk regarding repatriation of funds

Under the relevant PRC law, regulations or measures, there are restrictions on QFII regarding the repatriation of the relevant investment capital out of the PRC. Thus, the Fund which makes investments in the PRC through a QFII will be subject to all risks associated therewith.

Accounting, auditing and financial reporting standards and practices

Accounting, auditing and financial reporting standards and practices applicable to companies in the PRC may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods for properties and assets and in the requirements for disclosure of information to investors.

Legal system

The legal system of the PRC in general and for securities markets in particular have been undergoing a period of rapid change over recent years which may lead to difficulties in interpreting and applying newly evolving regulations. The revised Securities Law which came into force on 1 January 2006 has made a comprehensive revision to the old Securities Law relating to the issuing, listing and trading system etc. of securities, and the revised Securities Law was amended on 29 June 2013.

The PRC government has implemented a number of tax reform policies in recent years. There can be no assurance that the current tax laws and regulations will not be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of companies in the PRC.

Risks associated with investment made through a QFII

Investors should note that the Fund itself is not a QFII but the Fund may invest in mainland China debt securities through the selected QFII using its QFII quota. Such investment is subject to various requirements and restrictions (including restrictions on investments and repatriation of principal and profits in relation to the QFII's investments in debt securities) under PRC laws, rules and regulations, as amended from time to time, including but not limited to the following relating to the QFII:

- (i) Measures for Administration of Domestic Securities Investments by Qualified Foreign Institutional Investors (QFII), jointly issued by the CSRC, PBOC and SAFE on 24 August 2006 (the "Measures") and Provisions on Relevant Issues Concerning the Implementation of Measures for Administration of Domestic Securities Investments by Qualified Foreign Institutional Investors (QFII) issued by the CSRC on 27 July 2012;

- (ii) the Regulations on Foreign Exchange Administration of Domestic Securities Investments by Qualified Foreign Institutional Investors (QFII) (Decree [2009] No. 1) issued by the SAFE on 29 September 2009, as modified by Decree [2012] No.2 issued by the SAFE on 7 December 2012;
- (iii) the Implementation Details on the Registration and Settlement Related Business of Domestic Securities Investments of Qualified Foreign Institutional Investors (QFII) issued by China Securities Depository and Clearing Corporation Limited on 1 December 2002, as modified on 16 February 2013; and
- (iv) the Detailed Implementation Rules of the Shenzhen Stock Exchange for the Securities Trading of Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors issued on 25 April 2014 and the Notice of the Shanghai Stock Exchange on Issuing the Detailed Implementation Rules of the Shanghai Stock Exchange for the Securities Trading of Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors issued on 19 March 2014 (collectively “Detailed Implementing Rules on Securities Transactions”).

Such requirements and restrictions restrict the ability of the Fund to invest in debt securities prescribed by the relevant QFII rules and regulations or to fully implement or pursue the investment objective and strategy of the Fund.

The Measures has expressly abolished the Provisional Measures for Administration of Investment in Domestic Securities by Qualified Foreign Institutional Investors jointly issued by the CSRC and PBOC on 5 November 2002 (the “Provisional Measures”). However, the Provisional Measures is the basis for enacting the rules and provisions listed in item (iii) and (iv) above. Up until now there is no clear stipulation that repeals those two provisions and rules, nor is there any substitute regulation coming into place. Given the repeal of the Provisional Measures, there is a high level of uncertainties in the force of such provisions and rules. Furthermore, if relevant new provisions and rules are promulgated, the above provisions and rules may change in full or in part. Such change may have an impact on the Fund.

As the Fund will not have exclusive use of all the investment quota granted by SAFE to the selected QFII, there can be no assurance that the selected QFII will be able to allocate a sufficient portion of its investment quota to meet all applications for subscription of Units. PRC laws, rules and regulations governing a QFII may change from time to time and may change adversely; that may result in the applications for redemption of Units not being processed in a timely manner and suspension of dealings of the Fund. In extreme circumstances, the Fund may incur significant loss due to limited investment capabilities.

Risks regarding custody of monies of the Fund held by the QFII custodian

The monies of the Fund used for investment in mainland China must be held by the QFII custodian, which has to be approved by the CSRC and SAFE as stated in the Measures. However, such approval does not imply any official recommendation of the QFII custodian or guarantee over its performance. There is a risk that the Fund may suffer losses, whether direct or consequential, from the default or bankruptcy of the QFII custodian or disqualification of the QFII custodian from acting as a custodian. The Fund may also incur losses due to the acts or omissions of the QFII custodian in the execution or settlement of any transaction or in the transfer of any monies or securities. If for any reason all or part of the Fund’s assets held by the QFII custodian are lost or otherwise become unavailable for delivery or withdrawal, the reduction in the quantity or value of such assets will create losses to the Fund.

Risks regarding execution through QFII brokers

The relevant transactions in mainland China debt securities will be executed by one or more QFII broker(s) which have seats on the relevant exchanges to trade in debt securities prescribed by the relevant QFII rules and regulations. The Fund may incur losses due to the acts or omissions of the QFII broker(s) in the execution or settlement of any transaction or in the transfer of any monies or debt

securities. This may adversely affect the Fund. There is a risk that the Fund may suffer substantial losses from the default, bankruptcy or disqualification of the QFII broker(s).

When selecting QFII broker(s), the selected QFII will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the selected QFII considers appropriate, it is possible that a single QFII broker will be appointed for both the Shenzhen Stock Exchange and the Shanghai Stock Exchange and the Fund may not necessarily pay the lowest commission available in the market.

Risk of compulsory sale of investments in debt securities where relevant investment limits of the QFII is exceeded

Pursuant to the Measures, the investment of a QFII in debt securities shall be subject to the restrictions on the proportion of shareholdings imposed by the CSRC and other relevant requirements in mainland China. Such restrictions, which apply to the selected QFII as a whole, and the investment activities of other customers of the selected QFII, may restrict the selected QFII from making investments in the relevant debt securities requested by the Fund and any investment exceeding the relevant limits may lead to the compulsory sale of the relevant debt securities (according to the Detailed Implementing Rules on Securities Transactions) purchased by the selected QFII for the Fund which may result in investment loss to the Fund. Moreover, the CSRC may make any adjustment to the proportion of shareholdings under such restrictions, which may also result in investment loss to the Fund.

Risk that the QFII status of the selected QFII is revoked and QFII quota reduced or cancelled

The status or approval of the selected QFII as a QFII may be revoked or terminated or otherwise invalidated at any time by reason of a change in applicable law, regulations, policy, practice or other circumstances, an act or omission of the selected QFII or for any other reasons. In such event, all the assets held by the selected QFII as a QFII for or on account of the Fund will be liquidated and repatriated to the Fund in accordance with applicable laws and regulations and the provisions of the agreement between the Fund and the selected QFII. The Fund may suffer loss as a result of such liquidation and repatriation.

If the selected QFII needs to apply for a new Securities Investment License due to the change of its name, merger or any other situations, the CSRC may, based on the prudent regulatory principle, suspend securities trading of such selected QFII and therefore may result in loss to the Fund.

In case of any material violation of law or misconduct in respect of the securities accounts under the name of the selected QFII (including those relating to the portion of the relevant QFII quota being used by customers of the selected QFII other than the Fund), the CSRC may restrict the trading of such securities accounts and the outward remittance of monies may be restricted by SAFE as a whole. Such restrictions may result in loss to the Fund.

Investors should note that pursuant to the PRC laws, rules and regulations governing a QFII, the size of QFII quota may be reduced or cancelled entirely by SAFE under any of the following circumstances: (i) a QFII commits an illegal act of using foreign exchange, such as transferring or selling its investment quota; (ii) a QFII provides false information or materials to the QFII custodian or SAFE; (iii) a QFII fails to carry out investment-related conversion, purchase or payment of foreign exchange in accordance with the applicable provisions; (iv) a QFII fails to provide relevant information or materials on its fund conversion or securities investments in mainland China as requested by SAFE; and (v) a QFII otherwise violates foreign exchange control provisions. In addition, as the value of the QFII quota is based on the initial capital remitted into the relevant account opened and maintained with the QFII custodian, redemption by Unitholders of the Fund which invests through such QFII quota might result in the QFII quota being reduced and accordingly, the QFII status of the selected QFII and the Fund may be affected.

Risk regarding remittance and repatriation of monies

Investors should note that the Fund's investments made through a QFII are subject to the then

prevailing exchange control and other prevailing requirements of SAFE concerning repatriation and remittance of the principal investment as well as returns. Since transaction sizes for a QFII can be large, SAFE may, pursuant to the arrangement of PBOC and based on the economic and financial status, the supply and demand relations in the foreign exchange market and the balance of payments of mainland China at the relevant time, adjust the time and amount of inward and outward remittance of a QFII's investment principal as well as the period of outward remittance of monies.

The restrictions on outward remittance of monies may have an impact on the Fund's ability to meet the redemption requests of Unitholders; and such impact would increase when the investment of the Fund in mainland China debt securities increases. In the event that redemption requests for a large number of Units are received, the Fund may need to limit the number of Units redeemed and/or to realise a substantial part of the Fund's investments other than the investments held through the QFII for the purposes of meeting such redemption requests. As a result, the Fund's investments may be highly concentrated in the mainland China debt securities.

PRC Tax Risk

Investors should note that where the Fund invests in debt securities and other permissible investments prescribed by the relevant QFII rules and regulations through QFII (the "Investments through QFII") of which the incomes (such as interest income) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax imposed in the mainland China. The Fund may also be subject to other taxes imposed in the mainland China.

Under the PRC Enterprise Income Tax Law and its implementation rules, incomes derived from the mainland China by non-resident enterprises which have no establishment or place in the mainland China are subject to withholding of Enterprise Income Tax at the rate of 10% (such rate may however be subject to change from time to time). As such, in respect of the Fund's Investments through QFII of which the incomes (such as interest income) are derived from the mainland China, if any, the Fund is subject to withholding of Enterprise Income Tax; and such withholding tax will reduce the income from the Fund and adversely affect the performance of the Fund.

However, there are still uncertainties as to the application of the PRC Enterprise Income Tax Law and its implementation rules (e.g. it is not clear as to whether gains realised on disposal of the Fund's Investments through QFII of which the incomes are derived from the mainland China would be subject to withholding of Enterprise Income Tax and if so, whether such withholding will apply retrospectively). Currently, the Manager makes a 10% (which may be subject to change from time to time) provision for taxes or deducts or withholds an amount on account of taxes from assets of the Fund according to the PRC Enterprise Income Tax Law and its implementation rules. If there is any change in the tax rate for withholding as stipulated in the PRC Enterprise Income Tax Law and its implementation rules, which the Manager considers will result in a significant change in the amount of provision for taxes to be made by the Fund, the Manager will notify the relevant Unitholders of the same as soon as practicable. The amount of such provision/deduction/withholding for taxes will be disclosed in the financial reports of the Fund.

Any provision for taxes made by the Manager may be more than or less than the Fund's actual PRC tax liabilities. Once the uncertainties regarding the application of the PRC Enterprise Income Tax Law and its implementation rules are clarified, the Manager may make such adjustments to the amount of provision for taxes as it considers necessary as soon as practicable. In case of a difference between the Fund's provision for taxes and its actual PRC tax liabilities, the relevant amounts shall be credited to or debited from the Fund's assets (as the case may be). As a result, the income from, and/or the performance of, the Fund may be adversely affected and the impact/degree of impact on individual Unitholders of the Fund may vary, depending on factors such as the level of the Fund's provision for taxes and the amount of the difference at the relevant time and when the relevant Unitholders subscribed for and/or redeemed their Units in the Fund. If the Fund's actual PRC tax liabilities are higher than the provision for taxes made by the Manager so that there is a shortfall in the amount of provision for taxes, investors should

note that the Net Asset Value of the Fund may suffer more than the amount of provision for taxes as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the Fund's actual PRC tax liabilities are lower than the provision for taxes made by the Manager so that there is an excess in the amount of provision for taxes, Unitholders who have redeemed their Units before the PRC tax authority's ruling, decision or guidance in this respect are issued will be disadvantaged as they would have suffered from the Manager's over-provision for taxes. In this case, the then existing and new Unitholders may benefit if the excess between the provision for taxes and the actual PRC tax liabilities can be returned to the account of the Fund as assets thereof. Notwithstanding the above, Unitholders who have already redeemed their Units in the Fund before the return of any over-provision for taxes to the account of the Fund will not be entitled or have any right to claim any part of such over-provision for taxes.

There is no assurance that any tax incentive measures which are applicable to the Fund's Investments through QFII (such as current exemption of business tax to QFII on gains on disposal of the Fund's Investments through QFII) will not be repealed. Furthermore, there is a possibility that the current tax laws, rules, regulations and practice in the mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the Fund's Investments through QFII are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the Fund's Investments through QFII.

Risks of conflicts of interests

Investors should note that (i) all or substantial part of the investment transactions of the Fund will be made through the selected QFII which is a connected person of the Manager (the Manager is a wholly owned subsidiary of the selected QFII); and (ii) the Trustee, the Manager and the selected QFII are all members of the same financial group (i.e. the HSBC Group). Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Manager will use its best effort to ensure that any such transaction relating to the Fund is carried out at arm's length and that Unitholders of the Fund are treated fairly.

Although separate legal entities and operationally independent, each of the Trustee, the Manager and the selected QFII are presently part of the same financial group. Whilst each of these entities is regulated to engage in its activities and in the provision of services in respect of the Fund, in the event of a financial catastrophe or the insolvency of any member of the HSBC Group, there may be adverse implications for the business of the HSBC Group as a whole or other members of the HSBC Group which could affect the provision of services to the Fund. In such event the Net Asset Value of the Fund may be adversely affected and its operation may be disrupted.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is HK dollars. Where the Fund invests in Debt Securities denominated in a currency which is different from the base currency of the Fund, the Fund will be exposed to any fluctuation in the exchange rates between such currencies. In general, the performance of the Fund will be affected by the exchange rate movements between US dollars and Renminbi (or as the case may be, such other currency in which the relevant Debt Securities are denominated). In relation to the investments to be made through the selected QFII, the monies to be transferred to the selected QFII will usually be made in US dollars and the selected QFII will then convert the monies into Renminbi for investments through the QFII facility. Under the current QFII rules and regulations, all inward and outward remittance of investments of the Fund to be made via QFII will be in US dollars and at the rates of exchange between US dollars and Renminbi from time to time to be fixed according to such rules and regulations on the relevant date of conversion. The Fund will therefore be exposed to any fluctuation in the exchange rates between such currencies.

Since the Fund will aim at maximizing returns in Hong Kong dollars, investors whose base currency is not Hong Kong dollars (or a currency linked to it) may be exposed to additional currency risk.

Concentration Risk

There is a high concentration risk. To the extent that the Fund's investments concentrate in Debt Securities issued by companies which engage in China-related businesses, the Fund's performance would depend substantially on the performance of such market/sector(s), and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular market/sector(s).

Risks associated with investments in the Debt Securities

The value of the Fund's investments in the Debt Securities may be positively or negatively affected if interest rates change. Generally, the value of Debt Securities will change inversely with changes in interest rates. An increase in interest rates may adversely affect the value of the Debt Securities held by the Fund, which may adversely affect the value of the Fund.

The Fund is also subject to the risk that the issuer(s) of the Debt Securities being unable or unwilling to make timely principal and/or interest payment, or to honour its obligations. An issuer's ability to service debt may be adversely affected by an economic recession and adverse political and social changes in general as well as business, financial and other situations particular to such issuer. If the issuer(s) of the Debt Securities in which the Fund invests defaults, the performance of the Fund will be adversely affected.

Investors should also note that:

- (i) Debt securities are subject to actual and perceived measures of creditworthiness. Where a debt security is rated, the "downgrading" of such rated debt security or adverse publicity and investor perception, which may not be based on fundamental analysis, could decrease the value and liquidity of the security, particularly in a thinly traded market, like the PRC. Where the Debt Securities that the Fund invests in are subsequently downgraded or even fall below investment grading, the Manager may or may not dispose of such Debt Securities, subject to the investment objective and policies of the Fund.
- (ii) The Debt Securities that the Fund invests in can be considered as emerging market debt securities. Such debt securities are generally accompanied by higher risks, due to the greater political and credit risks associated with investing in the asset class, but they can also potentially enhance income and return for investors. Therefore, investors should be prepared for greater volatility than investment in debt securities in developed markets, with an increased risk of capital loss.
- (iii) The Fund may invest in convertible bonds. Convertibles are a hybrid between debt and equity, permitting holders to convert into shares or stocks in the company issuing the bond at a specified future date. Therefore, investors should be prepared for greater volatility than straight bond investments, with an increased risk of capital loss, but with the potential of higher returns.

Risks associated with investments in below Investment Grade, Lower Grade and unrated Debt Securities

The Fund may invest in Debt Securities which are below Investment Grade or which have a rating of Lower Grade or which are unrated. Investors should note that such Debt Securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than higher rated lower yielding debt securities. The ability of the issuer to make timely interest and principal payments will be especially susceptible to uncertainties and adverse changes in its financial conditions. If the issuer of such Debt Securities defaults, or such Debt Securities cannot be realised, or perform badly, investors may suffer substantial losses. Further, the market for these Debt Securities may be less active, making it more difficult to sell the Debt Securities at a price or time that the Fund wishes to do so. Valuation of these Debt Securities is more difficult. The values of these Debt Securities tend to be

more volatile and sensitive to individual issuer developments and general economic conditions than the values of higher rated debt securities. As a result, the Fund's prices may be more volatile.

In particular, the value of Debt Securities which are below Investment Grade or which have a rating of Lower Grade or which are unrated is affected by investors' perceptions. When economic conditions appear to be deteriorating, such debt securities may decline in market value due to investors' heightened concerns and perceptions over credit quality.

Credit risk of issuers/counterparties

Investment in Debt Securities is subject to the counterparty risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. Some of the Debt Securities that the Fund invests may be below Investment Grade or may have a rating of Lower Grade or may be unrated. Debt Securities which are below Investment Grade or which have a rating of Lower Grade or which are unrated are subject to greater risk because of generally lower credit worthiness and liquidity, greater fluctuation in value and higher chance of default than Investment Grade debt securities. In general, Debt Securities that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. In the event of a default or credit rating downgrading of the issuers, the Fund's value will be adversely affected and investors may suffer a substantial loss as a result. The Fund may also encounter difficulties or delays in enforcing its rights against such issuers as they may be incorporated outside Hong Kong and subject to foreign laws.

Debt Securities which are offered on an unsecured basis without collateral will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of the Debt Securities only after all secured claims have been satisfied in full. The Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Risks associated with PRC domestic credit ratings

The Fund may invest in Debt Securities the credit ratings of which are assigned by any PRC domestic credit rating agencies. Such credit rating agencies must be approved by the relevant PRC authorities to conduct ratings business and are also subject to industry self-regulation. However, at present, the PRC's domestic credit rating industry lacks a strong reputation and authority amongst market participants in comparison to its counterparts in more developed markets. This is in part due to the highly-regulated nature of the PRC bond markets, which may result in credit ratings being perceived as superfluous.

In addition, the rating process may lack transparency and the rating criteria and methodology used by such credit rating agencies may be significantly different from those adopted by most of the established international credit rating agencies such as Moody's Investors Service and Standard & Poor's. Therefore, such rating system may not provide an equivalent standard for comparison with debt securities rated by international credit rating agencies and making investment based on the credit rating rated by any PRC domestic credit rating agencies may adversely impact and result in a loss to the Fund. Consequently, there is little assurance that credit ratings are independent, objective and of adequate quality. In some cases, the PRC domestic credit rating agencies have been suspected of engaging in "ratings inflation" in order to generate more income from the ratings business. As a result, credit ratings given by such credit rating agencies are often disregarded by market participants when making investment and financing decisions. In selecting the Fund's Debt Securities portfolio, the Manager may refer to credit ratings assigned by any PRC domestic credit rating agencies for reference but will primarily rely on its own internal analysis to evaluate each debt security independently. Investors should also exercise caution before relying on any PRC domestic credit ratings.

Risks associated with distribution out of capital

For Income Units, the Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part

of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value of the relevant Income Units of the Fund.

Investment Restrictions

The Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet investments, redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under the section "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015

Bond Fund Series

HANG SENG GLOBAL FINANCIAL SECTOR BOND FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the "Explanatory Memorandum") and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Global Financial Sector Bond Fund (the "Fund") is to maximise long term total returns, in terms of both income and capital appreciation, by investing primarily in a globally diversified portfolio of fixed income securities issued by companies in the financial service sector (such as companies providing banking, insurance and/or financial services) in any part of the world including emerging as well as developed markets. The Fund may also invest in certificates of deposit issued by such companies.

The Fund will seek to achieve its investment objective by investing at least 80% of its non-cash assets in fixed income securities/certificates of deposit rated as investment grade (i.e. those which are rated Baa3 or higher by Moody's Investors Service or BBB- or higher by Standard & Poor's or equivalent). **Nevertheless, investors should note that fixed income securities/certificates of deposit initially rated as investment grade may subsequently be downgraded or even fall below investment grade. In such cases, it may result in a breach of the investment restriction of 20% for non-investment grade and/or unrated fixed income securities/certificates of deposit. The Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the breach, having due regard to the interests of Unitholders.**

The Fund may also invest in non-investment grade and/or unrated fixed income securities/certificates of deposit. **Investors should note that fixed income securities/certificates of deposit which are lower-rated/non-investment grade or equivalent carry higher risks of default or being subject to other adverse credit events. Such risks could become more significant in extreme market conditions, thereby resulting in significant or total loss of the capital invested therein. There can be no assurance that the Fund will meet its investment objective.**

In order to achieve its investment objective, not more than 30% of the non-cash assets of the Fund may invest in financial instruments denominated in currencies other than the base currency of the Fund, i.e. US dollars. In investing for the Fund, the Manager may, with SFC's prior approval and prior notice to relevant Unitholders, appoint one or more sub-advisors to manage part or all of the Fund's portfolio.

Investors can obtain the latest available information of the Fund, including its top investment holdings as at the latest month-end, from the website www.hangseng.com/fundsupermart.

Distribution Policy

The Manager may at its discretion pay dividend out of the capital of the Fund. The Manager currently intends to make distribution on a monthly basis. Each distribution from the Fund will be made in the form of cash payment. The cash distribution will be paid to relevant Unitholders at their own risk and expense by telegraphic transfer in the base currency of the Fund normally within one calendar month after the declaration of such distribution by the Manager.

The Manager may amend the above distribution policy subject to the prior approval of the SFC and by giving not less than one month's prior notice to the relevant Unitholders.

Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

The compositions of the dividends (i.e. the percentages of dividends being paid out of (i) net distributable income and (ii) capital) for a rolling 12-month period are available from the Manager on request and on the website www.hangseng.com/fundsupermart.

Issue of Units

Only Class A Units are available for issue.

Units will be available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 4:00 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time on a Dealing Day will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due within 3 Business Days of that Dealing Day, unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 4.0% of the issue price of Class A Units on the issue of such Units.

The Manager has an absolute discretion to reject in whole or in part any application for Units of the Fund.

In the event that the Manager exercises such discretion, application moneys will be returned to the applicant(s) without interest by cheque through post at the risk of the person(s) entitled thereto or by telegraphic transfer at the discretion of the Manager and at the expense of the applicant(s) within ten Business Days after the exercise of such discretion.

Redemption and Switching of Units

Investors should note that the redemption price per Unit will be calculated based on the value of the Fund's investments at the time of redemption. Investors may lose all or substantial part of their investment in the Fund.

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 4:00 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to

time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee and Trustee Fee

The table below sets out the Management Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund:-

Management Fee ²	Up to 1.0%
Trustee Fee	Calculated on a sliding scale as follows:- Up to 0.125% in respect of Net Asset Value up to USD25,000,000 Up to 0.1% in respect of Net Asset Value in excess of USD25,000,000 Subject to a minimum monthly fee of up to USD4,500 per month

Notes:

- Each of the above Management Fee and Trustee Fee of the Fund is calculated and accrues on each Valuation Day and is payable monthly in arrears.
- The fees of any sub-advisor appointed by the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

The fees paid to the Manager and the Trustee (up to the maximum stated above) will be disclosed in the annual financial reports for the Fund.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be

taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the risk of substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Risks associated with the underlying investments of the Fund

Return, if any, on an investment in the Fund is affected by factors such as interest rates, inflation, market sentiment, the availability and cost of credit, the liquidity of the global and local financial markets and the level and volatility of prices of the underlying equities and debt instruments invested by the Fund.

As the principal investments of the Fund are in debt instruments, the Fund will be subject to interest rate risk. The value of the Fund's investments in debt instruments may be positively or negatively affected if interest rates change. Generally, the value of debt instruments will change inversely with changes in interest rates. An increase in interest rates may adversely affect the value of the debt instruments held by the Fund, which may adversely affect the value of the Fund. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than those with shorter durations. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities may not increase in value if interest rates decline.

The Fund will also be subject to counterparty and credit risks of the issuers of the debt instruments in which the Fund invests. **Investors should note that there can be no assurance that the issuers of such debt instruments will be able to fulfill their payment obligations thereunder.** The insolvency of and/or default in payment by such issuers would adversely affect the performance of the Fund.

The Fund's investments in debt instruments which are lower-rated/non-investment grade or equivalent, unrated debt instruments and other debt instruments of emerging markets involve higher risks and special considerations need to be taken.

Risks associated with investing in lower-rated/non-investment grade debt instruments

Debt instruments which are lower-rated/non-investment grade or equivalent will usually offer higher yields to compensate for the reduced creditworthiness or increased or greater risk of default that these debt instruments carry. Such debt instruments are considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Such default risks could be significant in adverse political, economic, financial, social and/or other market conditions, thereby resulting in significant or total loss of the capital invested therein.

Compared with investing in debt instruments with higher ratings/investment grade, investing in lower-rated/non-investment grade debt instruments involves certain additional risks including, without limitation, (i) limited or lack of liquidity (the Fund could lose money if it cannot sell an investment at the

time and price that would be most beneficial to the Fund or cannot sell it at all), (ii) higher default rate, (iii) increased susceptibility to fluctuations in value resulting from adverse market conditions and (iv) potential loss of the entire investment therein.

As the market value of lower-rated/non-investment grade debt instruments reflects the financial and business situation of the relevant corporate and investors' perceptions of that situation, lower-rated/non-investment grade debt instruments may be adversely affected by adverse publicity and investor perceptions (which may or may not be based on fundamental analysis), economic downturns, specific corporate developments of the issuer or the issuer's ability to meet projected business forecasts. The price of such investments may also change suddenly and unexpectedly. A default or expected default by the relevant issuer could also make it difficult for the Fund to sell the relevant debt instruments at a price approximating the value previously placed on it.

Risks associated with investing in debt instruments of emerging markets

Investment in debt instruments of emerging markets will be subject to higher risks as such debt instruments will not be required to meet a minimum rating standard and may not be rated for creditworthiness by any internationally recognised credit rating organisation.

Other risks include, without limitation, currency fluctuations, the risks of investing in countries with smaller capital markets (such as limited liquidity, price volatility and restrictions on foreign investments), and additional risks associated with emerging economies (including high inflation and interest rates, substantial external debt and political and social uncertainties). Investors should be prepared for greater volatility with investment in debt instruments issued in emerging markets than in developed markets.

The issuer or governmental authority that controls the repayment of an emerging market debt instruments may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt instruments. As a result of the foregoing, a government obligor may default on its obligation. If such an event occurs, the Fund may have limited recourse against the issuer and/or guarantor. Remedies must, in some cases, be pursued in the courts of the defaulting party itself, and the ability of the holder of foreign government debt instruments to obtain recourse may be subject to the political climate in the relevant country.

Risks associated with investing in the financial service sector

The current crisis in the international financial and credit markets affect a wide range of financial service institutions and markets worldwide. There exists a certain degree of instability in the financial service markets and certain companies in the financial service sector have incurred large (or even huge) losses. Some financial service companies have experienced declines in the valuations of their assets, taken action to raise capital or even ceased operations.

In certain jurisdictions, companies in the financial service sector are subject to extensive governmental regulation, which may adversely affect the scope of their business activities. Governmental regulation may also change frequently. The financial service sector is exposed to risks that may impact the value of investments in the financial service sector more severely than investments outside this sector, and may also be adversely affected by increases in interest rates and loan losses, decreases in the availability of money or asset valuations and adverse conditions in other related markets.

Concentration Risk

There is a high concentration risk. To the extent that the Fund's investments concentrate in the debt instruments of the financial services sector, the Fund's performance would depend substantially on the performance of such sector, and the Fund is likely to be more volatile than a broad-based fund as it is more susceptible to adverse conditions in such particular sector.

Foreign Exchange Risk

Investors should note that the base currency of the Fund is US dollars. Where an investment of the Fund is denominated in a currency which is different from the base currency of the Fund, the Fund may be adversely affected by changes in exchange rates between the currency in which the investment of the Fund is held and the base currency of the Fund.

Risks associated with distribution out of capital

The Manager may at its discretion pay dividend out of the capital of the Fund. Investors should note that payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

Investment Restrictions

The Fund is subject to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL".

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet investments, redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Base Currency

The base currency of the Fund is US dollars.

Hang Seng Investment Management Limited
March 2015

Money Market Fund Series / Mainland China / Hong Kong Fund Series

HANG SENG HONG KONG DOLLAR MONEY MARKET FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the “Explanatory Memorandum”) and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The investment objective of the Hang Seng Hong Kong Dollar Money Market Fund (the “Fund”) is to preserve capital and achieve money market returns by investing primarily in liquid assets denominated in HK dollars, high grade HK dollar denominated monetary instruments such as Exchange Fund Bills, bills of exchange, commercial paper, certificates of deposit, short-term bonds and inter-bank deposits. On average, investments will have a portfolio remaining maturity of not more than 90 days. In investing the Fund, the Manager may appoint one or more sub-advisors to manage part or all of the Fund’s portfolio, subject to SFC’s prior approval.

Change from direct investment fund to feeder fund

In future, the Manager may elect to change the Fund to a feeder fund if the Net Asset Value of the Fund falls below an amount currently defined to be HK\$400 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager’s report or otherwise, give 3 months’ notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not rise above a defined amount, which amount is to be stated in such notice, the Fund will change to a feeder fund upon the expiry of the notice. The fund, which will be a SFC authorised fund, into which the Fund invests will have a substantially similar investment objective as that of the Fund and Unitholders will be informed of the name of the underlying fund (the “Underlying Fund”).

The Manager may elect to change the Fund to a feeder fund at any time with the approval of Unitholders in general meeting.

Change of Underlying Fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager’s opinion, it is in the interests of Unitholders to change the Underlying Fund to meet its investment objective. Any such change will, subject to the prior approval of the SFC, only be implemented after giving notice (up to 3 months) to relevant Unitholders. The new underlying fund and the management fee, trustee fee, other fees, charges and expenses of the new underlying fund payable by the Fund will be set out in such notice.

In case of any of the urgent circumstances as set out below, the Manager may change the Underlying Fund to another SFC authorised fund with a substantially similar investment objective, and then notify the relevant Unitholders within 30 days of such change:

- (1) de-authorisation or liquidation of the Underlying Fund;
- (2) merger/amalgamation of the Underlying Fund;

- (3) change of manager or change in control of the manager of the Underlying Fund;
- (4) changes in the then prevailing tax or regulatory requirements where the Manager considers such changes will have material impact on the Fund;
- (5) change in exchange control regulations; or
- (6) disciplinary proceedings against the manager of the Underlying Fund which the Manager considers material.

With the approval of Unitholders in general meeting, the Manager may elect to change the Underlying Fund to a new underlying fund which is significantly different in terms of fee levels or risks levels from the Underlying Fund.

Change from feeder fund to direct investment fund

Subsequent to the Fund having been changed to a feeder fund, the Manager may also elect to invest the Fund directly in debt securities and money market investments rather than through the Underlying Fund when the Net Asset Value of the Fund has reached an amount currently defined to be HK\$600 million. When the Net Asset Value of the Fund is approaching or has reached such amount, the Manager will in the Manager's report or otherwise, give 3 months' notice (or such shorter notice as consented by the Trustee if the overall fees payable by Unitholders will not be increased and the investment objective will not be changed) to the relevant Unitholders stating that if within the 3-month period or within such shorter time period (as the case may be) the Net Asset Value does not fall below a defined amount, which amount is to be stated in such notice, the Fund will change to a direct investment fund upon the expiry of the notice.

The Manager may elect to change the Fund to a direct investment fund at any time with the approval of Unitholders in general meeting. However, in case of any of the urgent circumstances as defined above, the Manager may change the Fund to a direct investment fund and notify the relevant Unitholders within 30 days of such change.

Distribution Policy

It is proposed not to make distributions in respect of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Different classes of Units, namely, Class A Units, Class I Units and Class Z Units are available for issue, which are subject to different levels of fees and charges, as set out in this Term Sheet. Class A Units are available for subscription by retail investors. Class I Units are in general available for subscription by institutional investors. Class Z Units are only available for subscription by investors selected by the Manager. The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor.

Units will be available for issue on each Dealing Day. To be dealt with on a Dealing Day, applications for Units must be received by the Manager prior to 4:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation

of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due on that Dealing Day, unless the Manager agrees to accept late payment.

The Manager may levy a preliminary charge of up to 2.0% of the issue price of Class A Units and up to 1.0% of the issue price of Class I Units on the issue of such Units. No preliminary charge will be levied on the issue of Class Z Units.

Redemption and Switching of Units

For redemption to be dealt with on a Dealing Day, a request for redemption of Units must be received by the Manager prior to 4:00 p.m. (Hong Kong time) on that Dealing Day or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

The cut-off time for receipt of applications for switching into Units of the Fund is 4:00 p.m. (Hong Kong time) on each Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee. As such switching will only be effected upon receipt of cleared funds for the account of the Fund, such requests for switching into Units of the Fund will be dealt with on the Dealing Day when the switching proceeds from the original fund are received by the Manager prior to 4:00 p.m. (Hong Kong time) on that Dealing Day (normally, the switching proceeds from the original fund would be received by the Manager two Business Days after the Dealing Day on which the applications are accepted), or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

Applications for redemption and/or switching of Units received after the relevant cut-off time will be processed on the next Dealing Day. However, where any application for redemption and/or switching of Units of the Fund from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to accept such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units, Class I Units and Class Z Units.

Unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units of the Fund will not exceed 2.0% of the issue price of Class A Units of the Fund as on the

day of switching. Any switching fee charged in respect of switching of Class I Units of another Fund in the Hang Seng Investment Series or of Class I Units of a fund in other investment series managed by the Manager into Class I Units of the Fund will not exceed 1.0% of the issue price of Class I Units of the Fund as on the day of switching.

No switching fee will be charged in respect of switching of Class Z Units of another Fund in the Hang Seng Investment Series and of Class Z Units of a fund in other investment series managed by the Manager into Class Z Units of the Fund.

However, the Manager is entitled to charge a switching fee of up to 1.0% of the issue price of the relevant Class Z Units as on the day of switching where the Manager considers that there has been undue frequent switchings from the same investor within a short period of time.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹, each expressed as a percentage per annum of the Net Asset Value of the Fund attributable to the relevant Classes of Units:-

Management Fee ²	Class A	Up to 1.0%
	Class I	Up to 0.75%
	Class Z	
Administration Fee	Class A	Not Applicable
	Class I	
	Class Z	
Trustee Fee	Class A	Calculated on a sliding scale as follows:-
	Class I	Up to 0.06% in respect of Net Asset Value up to HK\$195,000,000
	Class Z	Up to 0.05% in respect of Net Asset Value in excess of HK\$195,000,000

Notes:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund is calculated and accrues on each Dealing Day and is payable monthly in arrears.
- The fees of any sub-advisor appointed for the Fund will be borne by the Manager. Currently, no sub-advisor has been appointed.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons but the Fund will bear any such charges levied on investment in other collective investment schemes.

The following fees will be disclosed in the annual financial reports for the Fund:-

- the management fees paid to the Manager (inclusive of any sub-advisor's fee, if applicable); and
- the fee paid to the Trustee.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with

investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may fall or rise. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Investment Risk

The purchase of Units in the Fund is not the same as placing funds on deposit with a bank or deposit-taking company. An investor's rights on redemption of any Units the investor holds in the Fund are limited to the redemption price of such Units at the relevant time, which may be more or less than the price at which such Units were purchased. The Fund is not subject to the supervision of the Hong Kong Monetary Authority.

As the underlying investments of the Fund are money market instruments and such money market instruments may fall in value, investors may suffer loss. Further, the Fund has no guarantee in respect of repayment of principal and investors may not get back the capital invested. Investing in the Fund is not the same as investing directly in money market instruments.

Risks associated with investments in bonds

The value of the Fund's investments in bonds may be positively or negatively affected if interest rates change. Generally, the value of the bonds will change inversely with changes in interest rates. An increase in interest rates may adversely affect the value of the bonds held by the Fund, which may adversely affect the value of the Fund.

The Fund is also subject to the risk that the issuer(s) of the bonds being unable or unwilling to make timely principal and/or interest payment, or to honour its obligations. An issuer's ability to service debt may be adversely affected by an economic recession and adverse political and social changes in general as well as business, financial and other situations particular to such issuer. If the issuer(s) of the bonds in which the Fund invests defaults, the performance of the Fund will be adversely affected.

Investment Restrictions

For so long as the Fund is a direct investment Fund, the Fund will be subject to the investment restrictions for money market funds and to the investment restrictions for direct investment funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL.

Where the Manager elects to change the Fund to a feeder fund, the Fund will be subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund to meet redemptions and other expenses of the Fund.

Valuation

The Net Asset Value of the Fund on each Dealing Day will be calculated as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

The issue and redemption prices of Units in the Fund are calculated and rounded to the nearest 4 decimal places.

Base Currency

The base currency of the Fund is HK dollars.

Hang Seng Investment Management Limited
March 2015



HANG SENG INVESTMENT

HANG SENG INVESTMENT SERIES

Hang Seng China A Industry Top Index Fund

Term Sheet

(April 2018)

Important:

Each Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units in any Fund and the income from them (if any) may go down as well as up. Investors should refer to the section "Risk Factors" of the Explanatory Memorandum for the risks associated with investment in different types of funds and should refer to the Term Sheet of any particular Fund for any additional risk factors.

If you are in any doubt about the contents of this document, you should seek independent professional financial advice.

Hang Seng Investment Series

Hang Seng China A Industry Top Index Fund (the “Fund”)

This document is important and requires your immediate attention. If you are in doubt about the contents of this document, you should seek independent professional financial advice.

Investors should note that all investments involve risks (including the possibility of loss of the capital invested), prices of fund units may go up as well as down and past performance is not indicative of future performance. Investors should read the relevant fund’s offering documents (including the full text of the risk factors stated therein) in detail before making any investment decision.

Supplement to the Term Sheet of the Fund

The following is a supplement to the Term Sheet of the Fund. This supplement forms part of and should be read in conjunction with the Term Sheet of the Fund.

The following sub-section shall be inserted immediately after the sub-section headed “**Management Fee, Administration Fee and Trustee Fee**” under the section headed “**Charges and Expenses**”:

“Establishment costs

The costs of establishing the Fund (including the preparation of this Term Sheet, the costs of seeking and obtaining authorisation by the SFC and the legal and printing costs) are approximately HKD 610,000 and will be borne by the Fund. The establishment costs will be amortised over the first 5 financial years of the Fund.”

If you have any queries concerning the above, please contact us at (852) 2198 5890 during office hours.

We accept full responsibility for the accuracy of the contents of this document.

Hang Seng Investment Management Limited
26 April 2018

Index Fund Series / Mainland China / Hong Kong Fund Series

HANG SENG CHINA A INDUSTRY TOP INDEX FUND

(a Fund in the Hang Seng Investment Series)

This Fund has been authorised by the SFC. SFC authorisation is not a recommendation or endorsement of this Fund nor does it guarantee the commercial merits of this Fund or its performance. It does not mean this Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This Term Sheet forms part of the offering documents of this Fund and must be read in conjunction with the Explanatory Memorandum for Hang Seng Investment Series (the “Explanatory Memorandum”) and the Product Key Facts Statement of this Fund.

Investment Objective and Policies

The Hang Seng China A Industry Top Index Fund (the “Fund”) is a feeder fund and an index fund. The investment objective of the Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Hang Seng China A Industry Top Index (the “Index”) by investing solely in another index-tracking fund authorised by the SFC with a substantially similar investment objective as that of the Fund and managed by the Manager (the “Underlying Fund”). Currently, the Manager has selected the Hang Seng China A Industry Top Index ETF as the Underlying Fund. **Investors should note that there can be no assurance that the performance of the Fund will be identical to the performance of the Index particularly on a day-to-day basis and should refer to the “Risk Factors” section below for further details.** Please also refer to Appendices 1 and 2 for detailed information on the Underlying Fund and the Index respectively.

As the Underlying Fund is listed and traded on The Stock Exchange of Hong Kong Limited (the “SEHK”), general investors can directly buy or sell units of the Underlying Fund on the SEHK through a stockbroker or a bank in order to obtain exposure to the Index. Investors should note the differences between the Fund and the Underlying Fund, including the differences in respect of fees and charges, trading channel, dealing frequency and dealing price determination and decide whether they wish to invest in the Fund or invest in the Underlying Fund directly.

In the future, the Manager may, subject to the prior approval of the SFC:

- (a) elect to change the Underlying Fund to another fund authorised by the SFC with a substantially similar investment objective if, in the Manager's opinion, it is in the interests of Unitholders to change the Underlying Fund to meet the Fund's investment objective;
- (b) elect to change the Fund from a feeder fund to a direct investment fund, (i) when the Net Asset Value of the Fund has reached the amount of HK\$600 million, or (ii) at any time with the approval of Unitholders in a general meeting;
- (c) (subsequent to the Fund having been changed to a direct investment fund) elect to change the Fund from a direct investment fund to a feeder fund, (i) if the Net Asset Value of the Fund falls below the amount of HK\$400 million, or (ii) at any time with the approval of Unitholders in a general meeting.

Index Licence Agreement

The Manager has entered into a licence agreement with the Index provider, Hang Seng Indexes Company Limited (“**Index Provider**”), as well as Hang Seng Data Services Limited for the use of and reference to the Index by the Fund. Since the licence agreement does not have an expiry date, it should remain in full force unless three months' prior written notice is given for termination and the licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Material Changes to the Index

The SFC should be consulted on any events that may affect the acceptability of the Index. Significant events relating to the Index will be notified to the Unitholders as soon as practicable. These may include a change in the methodology/rules for compiling or calculating the Index, or a change in the objective or characteristics of the Index.

Distribution Policy

It is proposed not to make distributions in respect of Units in the Fund. Any income received by the Fund (whether in the form of cash or otherwise) will be accumulated and reflected in the Unit price.

Issue of Units

Class A Units are available for issue. The three designations of Class A Units available within the Fund and their initial issue prices are as follows:

Unit	Initial issue price per Unit
Accumulation Unit (Class A)	RMB 10
Accumulation Unit (Class A HKD (Hedged))	HKD 10
Accumulation Unit (Class A USD (Hedged))	USD 10

The Manager has an absolute discretion to determine from time to time the availability of any Class of Units to any investor.

For the currency hedged classes (i.e. Class A HKD (Hedged) Units and Class A USD (Hedged) Units), hedging will be performed to hedge the currency of denomination of the class of Units against the currency of the underlying assets of the Fund. The costs and resultant profit and loss on the hedging transaction shall be for the account of those currency hedged classes only.

Subsequent to the initial issues of Units, Units are available for issue on each Dealing Day. A Dealing Day is any day which is both (i) a Business Day, and (ii) a dealing day of the Underlying Fund (which in general is a day on which (a) each of the SEHK, Shanghai Stock Exchange and the Shenzhen Stock Exchange is open for normal trading for a full trading day; and (b) the SEHK is open for northbound trading through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively, the "Stock Connect")). To be dealt with on a Dealing Day, applications must be received by the Manager prior to 12:30 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

All subscription applications received after the relevant cut-off time will be processed on the next Dealing Day. However, where any subscription application from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to treat such late application as an application received before the relevant cut-off time on that Dealing Day.

Payment for Units being applied for, together with any preliminary charge, is due on that Dealing Day unless the Manager agrees to accept late payment. Payment must be made in RMB for Class A Units, HK dollars for Class A HKD (Hedged) Units, and USD for Class A USD (Hedged) Units.

The Manager may levy a preliminary charge of up to 3.0% of the issue price of Class A Units, Class A HKD (Hedged) Units and Class A USD (Hedged) Units on the issue of such Units.

Redemption and Switching of Units

To be dealt with on a Dealing Day, a request for redemption or switching of Units must be received by the Manager prior to 12:30 p.m. (Hong Kong time) on that Dealing Day, or such other time, prior to the calculation of the Net Asset Value of the Fund on that Dealing Day, as the Manager may from time to time determine and agree with the Trustee.

All redemption and/or switching applications received after the relevant cut-off time will be processed on the next Dealing Day. However, where any redemption and/or switching application from an Authorised Distributor is received by the Manager after the relevant cut-off time on a Dealing Day due to situation(s) considered by the Manager as special situation(s) including but not limited to system failure or other disastrous situation(s), and provided that 1) evidence of the special situation(s) is provided by the relevant Authorised Distributor to the satisfaction of the Manager; 2) the late application is received by the Manager prior to the calculation of the Net Asset Value of the Fund on that Dealing Day; 3) the Manager and the Trustee consider that the interests of other Unitholders of the Fund will not be adversely affected if such late application is treated as accepted for that Dealing Day; and 4) the relevant application was received by the Authorised Distributor before the relevant cut-off time, the Manager shall have the discretion to determine whether to treat such late application as an application received before the relevant cut-off time on that Dealing Day.

No redemption charge will be levied on the redemption of Class A Units, Class A HKD (Hedged) Units and Class A USD (Hedged) Units.

Unless otherwise agreed by the Manager, Unit of the Fund may only be switched into Units of the same class of a Fund in the Hang Seng Investment Series or Units of the same class of a fund in other investment series managed by the Manager. Similarly, unless otherwise agreed by the Manager, Units of a Fund in the Hang Seng Investment Series or Units of a fund in other investment series managed by the Manager may only be switched into Units of the same Class of the Fund. Where the switching is between Units (of the same class) denominated in different currencies, currency conversion is involved and the relevant Unitholders are subject to exchange rate risk.

Any switching fee charged in respect of switching of Class A Units of another Fund in the Hang Seng Investment Series or of Class A Units of a fund in other investment series managed by the Manager into Class A Units, Class A HKD (Hedged) Units or Class A USD (Hedged) Units of the Fund will not exceed 2.0% of the issue price of Class A Units, Class A HKD (Hedged) Units or Class A USD (Hedged) Units of the Fund as on the day of switching.

Charges and Expenses

Management Fee, Administration Fee and Trustee Fee

The table below sets out the Management Fee, Administration Fee and Trustee Fee of the Fund¹ and the management fee and trustee fee of the Underlying Fund:

		The Fund (as a percentage per annum on the Net Asset Value of the Fund)	The Underlying Fund (as a percentage per annum on the net asset value of the Underlying Fund)	Aggregate Fees (Maximum) (as a percentage per annum on the Net Asset Value of the Fund)
Management Fee	Class A	Up to 1.0% (currently waived)	0.55%	Up to 1.0% (currently 0.55%)
	Class A HKD (Hedged)	Up to 1.0% (currently waived)	0.55%	Up to 1.0% (currently 0.55%)
	Class A USD (Hedged)	Up to 1.0% (currently waived)	0.55%	Up to 1.0% (currently 0.55%)
Administration Fee	Class A	Not Applicable	Not Applicable	Not Applicable
	Class A HKD (Hedged)			
	Class A USD (Hedged)			
Trustee Fee	Class A	0.04%	0.12% for the first RMB 600 million of the net asset value of the Underlying Fund;	Up to 0.16%
	Class A HKD (Hedged)		0.10% for the next RMB 600 million of net asset value of the Underlying Fund; and	
	Class A USD (Hedged)		0.08% for the remaining balance of the net asset value of the Underlying Fund	

Notes:

- Each of the above Management Fee, Administration Fee and Trustee Fee of the Fund accrues on each Dealing Day and is payable monthly in arrears.

By investing into the Underlying Fund, the Fund will bear indirectly a proportionate share of the fees payable to the manager and the trustee of the Underlying Fund and other fees, charges and expenses payable by the Underlying Fund, which will be reflected in the net asset value per unit of the Underlying Fund.

In addition, in connection with the special creations and redemptions of Units of the Underlying Fund made available to the Fund, the Fund may have to bear duties and charges incurred by the Underlying Fund in relation to any particular transaction or dealing such as stamp and other duties, taxes, government charges, brokerage, bank charges, transfer fees, registration fees, transaction levies and other duties and charges in connection with the constitution of the assets of the Underlying Fund and creation/redemption of units of the Underlying Fund, and may include a provision to compensate the Underlying Fund for the difference between (a) the prices

of the securities used at the relevant valuation for a creation or redemption of units in the Underlying Fund and (b)(i) (in the case of a creation) the actual amount paid out of the Underlying Fund for the acquisition of the securities in respect of the creation of such units; or (ii) (in the case of a redemption) the actual amount received by the Underlying Fund from the sale of the securities in respect of the redemption of such units.

No preliminary charge will be levied on amounts which the Fund invests in any collective investment scheme managed by the Manager or any of its connected persons but the Fund will bear any such charges levied on investment in other collective investment schemes.

The following fees will be disclosed in the annual financial reports for the Fund:-

- (1) For so long as the Fund is a feeder fund investing solely in the Underlying Fund, the aggregate amount of all fees and charges of the Fund and the Underlying Fund (including the maximum aggregate management fees payable to the Manager and the manager of the Underlying Fund and the maximum aggregate trustee fees payable to the Trustee and the trustee of the Underlying Fund during the reporting financial period expressed as a percentage per annum of the Net Asset Value of the Fund);
- (2) where the Fund is changed to a direct investment fund, the management fee paid to the Manager (inclusive of any sub-advisor's fee, if applicable) and the trustee fee paid to the Trustee.

Risk Factors

In addition to the specific risks of investing in the Fund mentioned below, investors should also refer to the relevant risks mentioned in the "RISK FACTORS" section on page 3 in the Explanatory Memorandum according to the nature of the Fund. Investors should note that the risk factors as mentioned in the Explanatory Memorandum and this Term Sheet are general risks associated with investments in the Fund and investors should consider the information provided in these documents before investing in the Fund. Investors should however not solely rely upon such information for any investment in the Fund and should note that there may be various other risks or considerations arising from the then prevailing political, economic, social and other conditions, which may also need to be taken into account before making any decision to invest in the Fund.

The Net Asset Value per Unit may rise, or fall due to any of the key risk factors as mentioned in the Explanatory Memorandum and this Term Sheet. There can be no assurance that an investor will achieve any return on an investment in the Units or a return on the capital invested. Investors should not invest in the Fund unless they fully understand and are willing to take the various risks associated with the Fund's underlying investments (which may expose the Fund to significant losses in terms of income as well as principal), and have the financial resources necessary to bear the substantial, or even total, loss of the capital invested.

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the Fund is suitable for them, they should consult their investment adviser and obtain independent professional advice.

In addition, investors should avoid excessive investment in any single type of investments (in terms of its proportion in the overall investment portfolio), including any proposed investment in the Fund, so as to avoid the investment portfolio being over-exposed to any particular investment risk.

Equity Market Risks

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

Risk relating to the Fund Structure/Underlying Fund

As the Fund is a feeder fund which invests solely in the Underlying Fund, the Fund is exposed to such risks to which the Underlying Fund is subject as mentioned in Appendix 1 with more details as follows:-

PRC Related Risks

The Fund is subject to concentration risk as a result of its sole investment in the Underlying Fund which tracks the performance of a single geographical region (the PRC).

The value of the Underlying Fund may likely be more volatile than that of a broad-based fund, such as a global equity fund. Also, by having exposure in the PRC, an emerging market, the Fund 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.

Given that the A-share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention), the redemption of units of the Underlying Fund may be disrupted and which may in turn adversely affect the Fund's ability to meet redemption requests of Unitholders.

High market volatility and potential settlement difficulties in the PRC markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Underlying Fund which in turn will adversely affect the value of the Fund.

RMB Currency Risk/Risks relating to RMB Denominated Securities

RMB is currently not freely convertible and is subject to exchange controls and restrictions.

Non RMB-based investors (e.g. Hong Kong investors) are exposed to foreign exchange risks and there is no guarantee that the value of RMB against the investors' base currencies (e.g. HK dollars) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund.

While offshore RMB (CNH) and onshore RMB (CNY) represent the same currency, they are traded at different rates. Any divergence between CNH and CNY may adversely impact investors.

Under exceptional circumstances, due to the exchange controls and restrictions applicable to RMB, the Fund may not be able to get sufficient amounts of RMB in a timely manner to meet redemption requests of RMB Units and/or pay dividends (if any).

Risks relating to Hedging and the Hedged Classes of Units

There can be no assurance that any currency hedging strategy employed by the Manager will fully and effectively eliminate the currency exposure of the relevant class. An inefficient or ineffective currency hedging strategy may have adverse impact on the relevant currency hedged class. While a currency hedged class may enter into such hedging transactions to seek to reduce risks, unanticipated changes in currency, interest rates and market circumstances may result in a poorer overall performance of the relevant currency hedged class.

Hedging strategies may preclude investors from benefiting from an increase in the value of the Fund's base currency.

Any expenses arising from such hedging transactions, which may be significant depending on prevailing market conditions, will be borne by the relevant currency hedged class and therefore will be reflected in the Net Asset Value of the relevant currency hedged class.

Currency Risk

A class of Units may be designated in a currency other than the base currency of the Fund. The net asset value of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

Tracking Error Risk

Due to fees and expenses of the Fund and the Underlying Fund, the investment strategy used by the Underlying Fund and the liquidity of the market, the Fund's return may deviate from that of the Index. The manager of the Underlying Fund will adopt a full replication strategy to reduce tracking error risk. However, there can be no assurance of exact or identical replication at any time of the performance of the Index.

Passive Investment Risk

The Underlying Fund is not "actively managed" and therefore, its manager will not have the discretion to adapt to market changes due to the inherent investment nature of the Underlying Fund. Falls in the Index are expected to result in corresponding falls in the value of the Underlying Fund and, in turn, the Fund will also decrease in value.

Risks of investing in the Underlying Fund

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

As the Shanghai Stock Exchange and the Shenzhen Stock Exchange may be open when units in the Underlying Fund are not priced, the value of the securities in the Underlying Fund's portfolio may change on days when investors (including the Fund) will not be able to purchase or sell the Underlying Fund's units.

RQFII Regime Related Risks

The Underlying Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect.

The Underlying Fund may suffer substantial losses if there is insufficient RQFII quota allocated for the Underlying Fund to make investments, the approval of the RQFII is being revoked/terminated or otherwise invalidated as the Underlying Fund may be prohibited from trading of relevant securities and repatriation of the Underlying Fund's monies, or if any of the key operators or parties (including RQFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

Stock Connect Risks

The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Underlying Fund's ability to invest in A-shares or access the PRC market through the programme will be adversely affected. In such event, the Underlying Fund's ability to achieve its investment objective could be negatively affected and the Underlying Fund may impose a suspension on the primary trading through special creations. While the Fund may then invest in the Underlying Fund through secondary market trading, the Fund would be negatively affected where the market price deviates from the net asset value of the Underlying Fund and trades at a substantial premium.

Investors should also note the following regarding the Stock Connect:

Recalling of eligible stocks: If a stock is recalled from the scope of eligible stocks for trading via the Stock Connect, the stock can only be sold and cannot be bought. This may affect the Underlying Fund's ability to invest in A-shares through the Stock Connect and hence may adversely affect the Fund.

Differences in trading day: The Stock Connect only operates on days when both the mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the mainland China markets but Hong Kong investors (such as the Underlying Fund) cannot carry out any A-shares trading. Due to the differences in trading days, the Underlying Fund may be subject to a risk of price fluctuations in A-shares on a day that the mainland China stock markets are open for trading but the Hong Kong stock market is closed. This may in turn have an adverse impact on the Fund.

Clearing and settlement risk: The Hong Kong Securities Clearing Company Limited ("**HKSCC**") and the China Securities Depository and Clearing Corporation Limited ("**CSDCC**") establish the clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house. Should the remote event of CSDCC default occur and the CSDCC be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against the CSDCC. HKSCC will in good faith, seek

recovery of the outstanding stocks and monies from the CSDCC through available legal channels or through the CSDCC's liquidation. In that event, the Underlying Fund may suffer delay in the recovery process or may not be able to fully recover its losses from the CSDCC. This may have an adverse impact on the Fund.

Corporate actions and shareholders' meetings: Under the Shanghai-Hong Kong Stock Connect, notwithstanding the fact that HKSCC does not claim proprietary interests in the securities listed on the Shanghai Stock Exchange ("**SSE Securities**") held in its omnibus stock account in the CSDCC, the CSDCC as the share registrar for Shanghai Stock Exchange listed companies still treats the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities. The HKSCC will monitor the corporate actions affecting SSE Securities and keep the relevant Central Clearing and Settlement System ("**CCASS**") participants informed of all such corporate actions that require CCASS participants to take steps in order to participate in them. The same arrangement is applicable to securities listed on the Shenzhen Stock Exchange ("**SZSE Securities**") under the Shenzhen-Hong Kong Stock Connect.

Currency: Hong Kong and overseas investors (including the Underlying Fund) will trade and settle SSE Securities and SZSE Securities in RMB only.

Trading fees: In addition to paying trading fees and stamp duties in connection with A-shares trading, the Underlying Fund may be subject to other fees and taxes concerned with income arising from stock transfers which are determined by the relevant authorities. This may affect the net asset value of the Underlying Fund and hence the Net Asset Value of the Fund.

No Protection by Investor Compensation Fund: The Underlying Fund's investments through the Stock Connect will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Since default matters in Northbound trading via the Stock Connect do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the Underlying Fund is carrying out Northbound trading through securities brokers in Hong Kong but not mainland China brokers, they are not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the mainland China. Therefore the Underlying Fund is exposed to the risks of default of the broker(s) it engages in its trading in A-shares through the programme. This may have an adverse impact on the Fund.

PRC Tax Risks

The Underlying Fund may be subject to PRC Corporate Income Tax ("CIT") and/or other PRC taxes on any cash dividends, distributions and interest it receives from its investment in PRC securities. The manager of the Underlying Fund reserves the right to make relevant provision on such incomes (if any) if so warranted.

Based on professional and independent tax advice, currently, the manager of the Underlying Fund does not make withholding income tax provision for gross realised or unrealised capital gains derived from trading of A-shares via RQFII or Stock Connect.

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of investments in the PRC via RQFII quota or Stock Connect (which may have retrospective effect). Any increased tax liabilities on the Underlying Fund may adversely

affect the Underlying Fund's value, which in turn may adversely affect the Fund's value. If taxes are levied in future on the Underlying Fund for which no provision is made, the Underlying Fund's net asset value will be adversely affected which may in turn adversely affect the Fund's Net Asset Value. In this case, the then existing and subsequent investors will be disadvantaged.

Risks relating to trading in secondary market

a) Trading Risks

When the Fund invests in the Underlying Fund through secondary market, the trading price of the units of the Underlying Fund on the SEHK is driven by market factors such as the demand and supply of the units. Therefore, the units may trade at a large premium or discount to the Underlying Fund's net asset value and in the case where the Underlying Fund imposes a suspension on the primary trading through special creation/redemption, such premium or discount may be more substantial.

As investors (including the Fund) will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell units of the Underlying Fund on the SEHK, investors (including the Fund) may pay more than the net asset value per unit of the Underlying Fund when buying units of the Underlying Fund on the SEHK, and may receive less than the net asset value per unit of the Underlying Fund when selling units on the SEHK.

b) Reliance on Market Maker Risks

Although the manager of the Underlying Fund will ensure that at least one market maker will maintain a market for the units of the Underlying Fund traded in each counter and that at least one market maker to each counter gives not less than 3 months' notice prior to terminating market making arrangement under the relevant market maker agreement, liquidity in the market for the units of the Underlying Fund may be adversely affected if there is no or only one market maker for the units of the Underlying Fund. There is also no guarantee that any market making activity will be effective.

There may be less interest by potential market makers making a market in units of the Underlying Fund denominated and traded in RMB. Any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the units of the Underlying Fund. This may have an adverse impact on the Fund.

c) Dual Counter Risks

If there is a suspension of the inter-counter transfer of units of the Underlying Fund between the counters and/or any limitation on the level of services by brokers and CCASS participants, investors (including the Fund) will only be able to trade their units of the Underlying Fund in one counter only, which may inhibit or delay an investor dealing. The market price of units of the Underlying Fund traded in each counter may deviate significantly. As such, investors (including the Fund) may pay more or receive less when buying or selling units of the Underlying Fund traded in HKD on the SEHK than in respect of units of the Underlying Fund traded in RMB and vice versa.

d) Trading Differences Risks

Differences in trading hours between the Shanghai Stock Exchange and the Shenzhen Stock Exchange and the SEHK may also increase the level of premium or discount of the unit price to the net asset value of the Underlying Fund.

A-shares are subject to trading bands which restrict increase and decrease in the trading price. Units of Underlying Fund listed on the SEHK are not. This difference may also increase the level of premium or discount of the unit price to the net asset value of the Underlying Fund. These factors may have an adverse impact on the Fund.

Index Related Risk

In the event that the Index ceases to be operated or is not available, the Manager may, subject to the prior approval of the SFC and by giving at least one month's notice, and in accordance with the provisions of the constitutive documents of the Fund, change the Index to a replacement index that is tradable and has similar objectives to the Index. The SFC reserves the right to withdraw the authorisation of the Fund if the Index is no longer considered to be acceptable to the SFC.

Reliance on the Same Group Risk

The Index Provider is Hang Seng Indexes Company Limited, it calculates and reports the daily closing level of the Index (or designates parties to do so). The Manager of the Fund is also the Manager of the Underlying Fund. Both the Manager and the Index Provider are presently subsidiaries of Hang Seng Bank Limited. The functions which the Index Provider and the Manager will perform in connection with the Fund may give rise to potential conflicts of interest.

Apart from the above, each of the Trustee (also acting as the Registrar of the Fund, as well as the trustee and the registrar of the Underlying Fund), the Manager of the Fund (also acting as the manager and the listing agent of the Underlying Fund), and the Index Provider are also subsidiaries of HSBC Holdings plc (the "Group"). Whilst these are separate legal entities and operationally independent, in the event of a financial catastrophe or the insolvency of any member of the Group, there may be adverse implications for the business of the Group as a whole or other members of the Group which could affect the provision of services to the Fund. In such event the net asset value of the Fund may be adversely affected and its operation disrupted.

The Trustee, the Manager and the Index Provider are presently all members of the Group. As such, although all transactions will be at arm's length, conflicts of interest in respect of the Fund may arise from time to time amongst any of them whilst they belong to the Group. In particular, the Manager and the Trustee may be in dispute with the present Index Provider if it terminates the licence to use the Index. The Manager will have regard to its obligations to the Fund and Unitholders and will vigorously manage any such conflicts in the best interest of investors.

Termination Risk

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

Investment Restrictions

For so long as the Fund invests solely in the Underlying Fund, the Fund is subject to the investment restrictions for feeder funds described in the Explanatory Memorandum in the "Investment Restrictions" section under "GENERAL". For the purpose of determining compliance with the investment restrictions, the Fund and the Underlying Fund will be deemed a single entity.

Please refer to the Prospectus of the Underlying Fund for details of its investment restrictions. In particular, given the Underlying Fund is an exchange traded fund, its investment objective

and the nature of the Index, the Underlying Fund is allowed under Chapter 8.6(h) of the SFC's Code on Unit Trusts and Mutual Funds to hold investments in securities of any single issuer exceeding 10% of the Underlying Fund's latest available net asset value if such constituent securities account for more than 10% of the weighting of the Index and the Underlying Fund'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, or otherwise approved by the SFC. Subject to Chapter 8.6(g) and (h) of the SFC's Code on Unit Trusts and Mutual Funds, more than 30% of the latest available net asset value of the Underlying Fund may also be invested in Government and other public securities of the same issue and may be fully invested in Government and other public securities in any number of issues.

Borrowing Restrictions

The Manager may borrow up to 10% of the Net Asset Value of the Fund which is restricted to facilitating redemptions or defraying operating expenses of the Fund.

Valuation

The Net Asset Value of the Fund will be calculated on each Dealing Day as at such time as the Manager and the Trustee may agree, which time shall be after the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on that Dealing Day but before the cut-off time for receipt of applications for subscription, redemption and switching of Units in the Fund on the next Dealing Day.

The Net Asset Value of the Fund will be calculated based on the net asset value of the Underlying Fund. The details of the valuation rules are described in the Explanatory Memorandum under "VALUATION OF FUNDS AND UNIT PRICES".

Publication of Prices

The Net Asset Value for each class of Units, in respect of each Dealing Day will be published on the next Business Day in the Hong Kong Economic Times, The Standard and at the Manager's website www.hangsenginvestment.com, and will be available from the Manager on request.

Financial Reports

The financial year-end of the Hang Seng Investment Series is 31 December in each year. The first annual financial report and the first semi-annual financial report for the Fund will be for the periods ending 31 December 2018 and 30 June 2019 respectively. Notice will be given to Unitholders to notify them where the financial reports, in printed and electronic forms, can be obtained within the relevant timeframe.

Base Currency and Class Currency

The base currency of the Fund is RMB. Class A is denominated in RMB. Class A HKD (Hedged) is denominated in HK dollars. Class A USD (Hedged) is denominated in US dollars.

Hang Seng Investment Management Limited
26 April 2018

Appendix 1

The following paragraphs are extracted and derived from the Prospectus and Product Key Facts Statement of the Hang Seng China A Industry Top Index ETF that are available at the website www.hangsenginvestment.com. They are provided for information only and should be read in conjunction with the full text of the aforesaid Prospectus and Product Key Facts Statement.

The Hang Seng China A Industry Top Index ETF (the “China A Industry Top Index ETF”)

The China A Industry Top Index ETF is a sub-fund of the Hang Seng China A Share ETF Series (the “ETF Series”). The ETF Series is an unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 29 October 2013 between Hang Seng Investment Management Limited as the manager and HSBC Institutional Trust Services (Asia) Limited as the trustee. The ETF Series and its sub-fund, the China A Industry Top Index ETF, have been authorised by the SFC and China A Industry Top Index ETF has been listed on the SEHK; units of the China A Industry Top Index ETF can be traded in such a way as other shares listed on the SEHK. The SFC and the SEHK take no responsibility for the financial soundness of the ETF Series or the China A Industry Top Index ETF, and the approval of listing by the SEHK does not imply official recommendation of an investment in the ETF Series or in the China A Industry Top Index ETF. SFC authorisation is not a recommendation or endorsement of the ETF Series or the China A Industry Top Index ETF nor does it guarantee the commercial merits of the ETF Series or the China A Industry Top Index ETF or the performance of the ETF Series or the China A Industry Top Index ETF. It does not mean the ETF Series or the China A Industry Top Index ETF is suitable for all investors nor is it an endorsement of the suitability of the ETF Series or the China A Industry Top Index ETF for any particular investor or class of investors.

Similar to the investment objective of the Fund, the investment objective of the China A Industry Top Index ETF is to provide investment results that, before fees and expenses, closely correspond to the performance of the Hang Seng China A Industry Top Index (“Index”).

In seeking to achieve the investment objective of the China A Industry Top Index ETF, the manager of the China A Industry Top Index ETF will only use a full replication strategy through investing directly in constituent stocks of the Index in substantially the same weightings in which they are included in the Index, through the RQFII investment quota granted to the manager of the China A Industry Top Index ETF by the State Administration of Foreign Exchange and/ or via the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The manager of the China A Industry Top Index ETF will not adopt a representative sampling strategy.

Currently the manager of the Underlying Fund has no intention to invest the Underlying Fund in any financial derivative instruments (including structured products or instruments) for hedging or non-hedging (i.e. investment) purposes.

There is no current intention for the Underlying Fund to engage in securities lending, repurchase transactions or other similar over-the-counter transactions.

Investors should note the various risks relating to the Fund’s investment in the China A Industry Top Index ETF which include the following:-

- Investment Risks
- Equity Market Risk

- Concentration Risks
- RQFII Regime Associated Risks
- Stock Connect Risks
- Trading Risks
- Dual Counter Risks
- PRC Market Risks
- PRC Tax Risks
- RMB Currency and Conversion Risks
- Trading Differences Risk
- Passive Investments Risks
- Reliance on Market Maker Risks
- Tracking Error Risks
- Termination Risks
- Distribution Out of/ Effectively Out of Capital Risk
- Reliance on the Same Group Risk
- Reliance on the Manager Risk
- Government Intervention and Restrictions Risk

Investors should refer to the section headed “RISK FACTORS” in the Prospectus and the key risks set out in the Product Key Facts Statement of the China A Industry Top Index ETF for details of the risks involved.

The manager of the China A Industry Top Index ETF will not take defensive positions in declining markets. Falls in the Index are expected to result in corresponding falls in the value of the China A Industry Top Index ETF.

The manager of the China A Industry Top Index ETF reserves the right, with the prior approval of the SFC and provided that in its opinion the interests of the unitholders of the China A Industry Top Index ETF would not be adversely affected, to replace the Index with another index in accordance with the provisions of the Index licence agreement, the trust deed of the China A Industry Top Index ETF and the SFC’s Code on Unit Trusts and Mutual Funds. The circumstances under which any such replacement might occur include but are not limited to the following events:

- (a) the Index ceasing to exist;
- (b) the licence to use the Index being terminated;
- (c) a new index becoming available that supersedes the existing Index;
- (d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the unitholders of the China A Industry Top Index ETF than the existing Index;
- (e) investing in the securities comprised within the Index becomes difficult;
- (f) the Index Provider increasing its licence fees to a level considered too high by the manager of the China A Industry Top Index ETF;
- (g) the quality (including accuracy and availability of the data) of the Index having in the opinion of the manager of the China A Industry Top Index ETF deteriorated;
- (h) a significant modification of the formula or calculation method of the Index rendering that

index unacceptable in the opinion of the manager of the China A Industry Top Index ETF;
and

- (i) the instruments and techniques used for efficient portfolio management not being available.

The SFC reserves the right to withdraw the authorisation of the China A Industry Top Index ETF if the Index is no longer considered to be acceptable to the SFC.

Investors should also note that the performance of the Index and the China A Industry Top Index ETF may be significantly affected by the price fluctuation of one or several of the constituent stocks of the Index.

The manager and the trustee of the China A Industry Top Index ETF, the Index Provider, Hang Seng Indexes Company Limited and Hang Seng Data Services Limited all are members of the HSBC Group. Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the manager of the China A Industry Top Index ETF will in its best effort ensure that Unitholders are treated fairly.

Appendix 2

The Hang Seng China A Industry Top Index (the “Index”)

A. General

The Index is a free float adjusted market capitalisation weighted index and reflects the performance of industry leaders in each of the 11 industries under the Hang Seng Industry Classification System (the “HSICS”). The Index is a price return index denominated in RMB. The inception date of the Index was 21 September 2009 and the Index had a base level of 1,000 on 1 July 2005.

Leaders in any industrial sector refer to those sizable companies that outperform their peers on the Shanghai Stock Exchange and the Shenzhen Stock Exchange in terms of revenue and profitability.

Different from other blue-chip indexes that usually select constituents by their market capitalisation, the Index compares each company with its industry peers by both market capitalisation and objective fundamental factors (namely net profit and revenue), so that the largest companies in terms of market capitalisation achieving the highest revenues and net profits are included. As a result, the Index offers a more diversified exposure to the PRC market, encompassing the market valuation, scope of business and profitability of the constituents.

B. Index Design

Universe

The universe of the Index comprises A-share companies that have their primary listing on the Shanghai Stock Exchange or Shenzhen Stock Exchange.

Selection Criteria

Eligibility Screening

To be eligible for selection, a company in the universe must:

1. Rank in the top 90% of total market turnover over the past 12 month period;
2. Not be classified as ST/*ST stock¹ or S stock²; and
3. Not have been suspended for over one month as of the end of any review period.

The top 300 companies in terms of past 12 month average A-share market capitalization that meet the above conditions form the “Eligibility List”.

¹ ST /*ST stocks refer to special treatment stocks, which means special treatment for companies with financial problems (consecutive 2 fiscal years loss or audited net assets per share less than par value in most recent fiscal year), effective date starting from 22 April 1998. Stocks with ST usually means they have delisting risk.

² S stocks refer to those stocks has not yet performed the “split share structure reform”.

Selection

1. Companies in the Eligibility List are classified into 11 industries under the HSICS, namely:

- Energy
- Materials
- Industrial
- Consumer Goods
- Consumer Services
- Telecommunications
- Utilities
- Financials
- Properties & Construction
- Information Technology
- Conglomerates

2. In each industry, stocks are ranked by each of the following:

- Company-wide market capitalization, in terms of past 12 month average market capitalization
- Net profit, in terms of average net profit of past 2 fiscal years
- Revenue, in terms of average revenue of past 2 fiscal years

3. A score is calculated for each stock based on the following formula:

	Ranking in its industry	Weighting
Score =	Ranking in terms of Company-wide Market Capitalisation	X 50% +
	Ranking in terms of Net Profit	X 30% +
	Ranking in terms of Revenue	X 20%

4. The 5 highest-ranked stocks (being the lowest 5 scores) in each industry are included in the Index. If there are less than 5 stocks in an industry, all stocks will be selected including mid-cap companies. All constituent selection is rule driven only.

5. If 2 stocks have the same score in an industry, the one with higher free float-adjusted market capitalization will be selected.

The Index is reviewed annually.

Calculation Methodology

The Index adopts free float-adjusted market capitalization weighted methodology with a 10% cap on each constituent weighting.

$$\text{Current Index} = \frac{\text{Current Aggregate Freefloat-adjusted Market Capitalisation of Constituents}}{\text{Yesterday's Aggregate Freefloat-adjusted Market Capitalisation of Constituents}} \times \text{Yesterday's Closing Index}$$

$$= \frac{\sum (P_t \times IS \times FAF \times CF)}{\sum (P_{t-1} \times IS \times FAF \times CF)} \times \text{Yesterday's Closing Index}$$

- P_t : Current Price at Day t
 P_{t-1} : Closing Price at Day t-1
 IS : Number of Issued Shares
 FAF : Free float-adjusted Factor, which is between 0 and 1
 CF : Cap Factor, which is between 0 and 1

Number of issued shares (“IS”) refers to the actual total number of A-shares issued by each constituent. IS are updated quarterly.

The free float-adjusted factor (“FAF”), representing the proportion of A-shares that is free floated as a percentage of the issued shares, is rounded up to the nearest 1% for FAFs below 10% and otherwise to the nearest 5% for Index calculation. FAFs are reviewed quarterly.

A cap factor (“CF”) is calculated quarterly, such that no individual constituent in the index will have a weighting exceeding 10%.

C. Index Overview

Launch Date	21 September 2009
Backdated to	1 July 2005
Base Date	1 July 2005
Base Value	1,000
Currency	RMB (CNY)
Number of Constituents	Maximum 55 (Maximum 5 in each industry)
Review Frequency	Annually
Rebalance Frequency	Quarterly
Vendor Codes:	
<i>Bloomberg</i>	HSCAIT
<i>Thomson Reuters</i>	.HSCAIT

D. Top 10 Constituents

As of 9 April 2018, the Index had a free float adjusted market capitalisation of RMB3,466 billion and 48 constituents, the 10 largest constituents of the Index, representing approximately 57.54% of the market capitalisation of the Index based on total shares in issue, were as follows:

Rank	Constituent Name	Industry	Weighting (%)
1.	Ping An Insurance (Group) Company of China, Ltd.	Financials	10.21
2.	Kweichow Moutai Co. Ltd.	Consumer Goods	10.12
3.	Midea Group Co. Ltd.	Consumer Goods	6.30
4.	Gree Electric Appliances, Inc. of Zhuhai	Consumer Goods	5.95
5.	China Vanke Co. Ltd.	Properties & Construction	5.32
6.	Agricultural Bank of China Ltd.	Financials	4.87
7.	Hangzhou Hikvision Digital Technology Co. Ltd.	Information Technology	4.33

8.	Industrial and Commercial Bank of China Ltd.	Financials	3.65
9.	BOE Technology Group Co., Ltd	Information Technology	3.49
10.	China State Construction Engineering Corporation Ltd.	Properties & Construction	3.30

You can obtain the most updated list of the constituents of the Index and 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 www.hsi.com.hk. The Index (which is maintained by the Index Provider) is calculated and disseminated in RMB and is available in real time globally via information vendors Bloomberg (HSCAIT) and Thomson Reuters (.HSCAIT). The end of day Index is available on the website of the Index Provider.

Please note:

- The list of constituent stocks which comprises the Index is reviewed by the Index Provider on an annual basis. The composition of the Index may change and be substituted with other companies as determined by the Index Provider if any of the constituent companies were to delist its shares.
- The accuracy and completeness of the calculation of Index may be affected if there is any problem with the system for the computation and/or compilation of the Index.
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