

**Product Risk Warning:**

Investment involves risks, including the loss of principle. Past performance is not indicative of future results. Before investing in below products, investor should refer to the Fund's prospectus for details, including the risk factors. You should not make investment decision based on the information on this material alone.

Please note:

**Important Information about ChinaAMC Hang Seng Hong Kong Biotech Index ETF**

- The Fund aims to provide investment result that, before fees and expenses, closely corresponds to the performance of the Hang Seng Hong Kong-Listed Biotech Index (the "Index").
- The Fund is passively managed and the Manager will not have the discretion to adapt to market changes. Falls in the Index are expected to result in corresponding falls in the value of the Fund.
- The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors.
- The Index is a new index. The Fund may be riskier than those tracking more established indices with longer operating history.
- The Fund is subject to concentration risks in biotech companies and in a particular geographical region (i.e. Hong Kong and PRC). The Fund may be more volatile than a broadly-based fund.
- The Fund is exposed to risks associated with characters of biotech companies, such as pre-revenue, incurrence of net current liabilities, lower liquidity, higher volatility, dependency on intellectual property rights or patents, technological changes, increased regulations and intense competition.
- The Fund is subject to tracking error risk, which may result from the investment strategy used, and fees and expenses.
- Generally, retail investors can only buy or sell units of the Fund on the SEHK. The trading price of the units on the SEHK is driven by market factors such as the demand and supply of the units. Therefore, the units may trade at a substantial premium or discount to the Fund's NAV.



**華夏基金(香港)**  
**ChinaAMC (HK)**

# THE FIRST PURELY HONG KONG-LISTED NAMES BIOTECH ETF\*

Stock Code

# 3069



## CAPTURE INVESTMENT OPPORTUNITIES IN BIOTECH INDUSTRY

\*Source: Bloomberg, as of 10 March 2021

Investing involves risk, including possible loss of principal. Investment in emerging market countries may involve heightened risks such as increased volatility and lower trading volume, and may be subject to a greater risk of loss than investment in a developed country. Please carefully consider the Fund's investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the relevant Fund's prospectus. Please read the prospectus carefully before investing. ChinaAMC Funds are not sponsored, endorsed, issued, sold or promoted by their index providers (only applicable to ETFs and index funds). For details of an index provider including any disclaimer, please refer to the relevant ChinaAMC Fund offering documents.

# Do you know?

Among the top 20 performing HK-listed stocks on IPO day in 2020, 9 of them are biotech and biopharma stocks<sup>1</sup>

<sup>1</sup>Source: Bloomberg, scope including IPO stocks listed on HKEX mainboard with IPO size greater than HKD 2 billion, as of 10 March 2021

Since the launch of Hang Seng HK-Listed Biotech Index, it has significantly outperformed Hang Seng Index and S&P500<sup>2</sup>

<sup>2</sup>Source: Bloomberg, as of 8 February 2021

Since 2010, S&P Biotech Select Industry Index in the US has already risen over 600%<sup>3</sup>. Meanwhile China market is catching up fast.

<sup>3</sup>Source: Bloomberg, from 01 January 2020 to 10 March 2021

## Why Invest in China Biotech Industry?

### China market catching up fast after the US

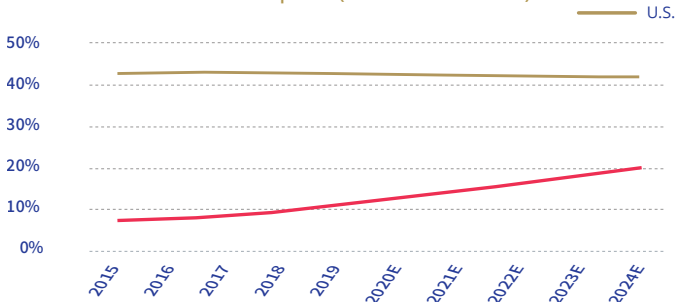
As the world's largest biotech and pharmaceutical market and fundraising centre, the benchmark index in the US has already risen significantly in the past 10 years. Meanwhile, China as the 2nd largest market is catching up fast and has big rooms for growth

#### Comparison between biotech index and broad-based index in the US



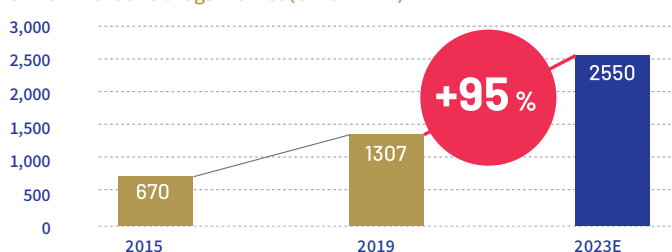
Source: Bloomberg, as of 29 January 2021; IQVIA, September 2020

#### Pharmas and biotech R&D expense (as % of world's total)



Source: clinical trial.org, TigerMed Prospectus, Bloomberg, March 2020

#### China innovative drugs market (billion RMB)



Source: Citibank, November 2019; Pharma projects, Credit Suisse, October 2020

\*Source: IQVIA, September 2020

### Policy Support

Biotechnology has been identified as one of the key development areas according to the 14th Five-Year Plan and "Made in China 2025" development strategy



Lowering taxes on R&D biotech

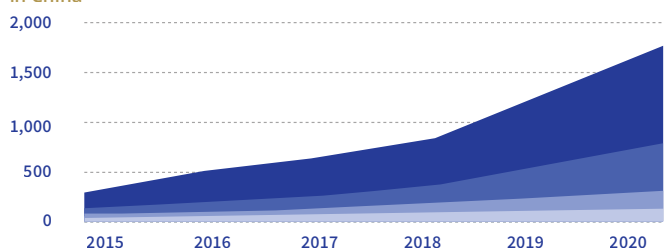


Expanding medical insurance coverage



Speeding up drug approvals

#### No. of new drugs development in China



### Drive in Demand

In 2018, biotech products accounted only for 5.7% of the total pharmaceutical market in China (vs 26.5% in the world). The aging population in China has also accelerated the demand in China's biotech industry.



The estimated proportion of population over 60 years old will be up to 19.3% of the total population in China in 2025

19.3%

### Structural Growth

China's innovative drug market is expected to achieve 95% growth between 2019 and 2023 with 18% cumulative annual growth rate



cumulative annual growth rate 18%

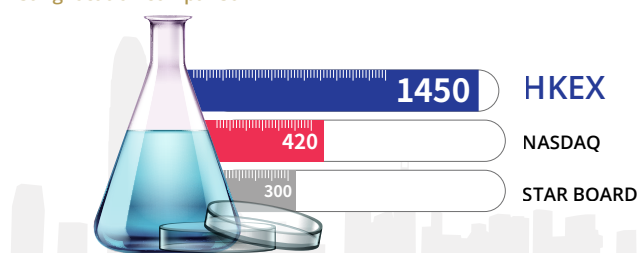
Source: Citibank, November 2019; Pharma projects, Credit Suisse, October 2020

## HKEX Introduced Chapter 18A to the Listing Rules

Hong Kong has become Asia's largest and the world's second largest biotech fundraising centre<sup>4</sup>. Since the listing reforms by HKEX in 2018 encouraging biotech IPOs, Hong Kong has turned into the core IPO centre of China's biotech industry

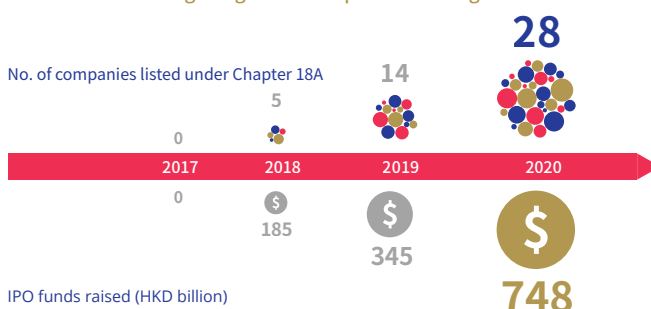
<sup>4</sup>Source: HKEX, October 2020

#### China biotech companies and ecosystem players<sup>4</sup>: listing location comparison



Total market value of listed innovative China biotech companies and ecosystem players on major stock exchanges

#### Biotech IPOs in Hong Kong under Chapter 18A listing rules



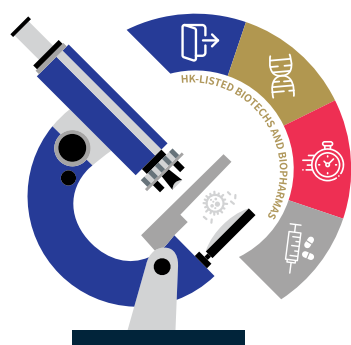
Source: HKEX, December 2020; IQVIA, September 2020; Ryanben Capital, January 2021

<sup>4</sup>Biotech, Contract Research Organization (CRO) and Contract Development and Manufacturing Organization (CDMO) focusing on innovative drug development; For companies listed in multiple stock markets, market cap value from the primary listing/largest market cap is used. Source: Capital IQ, McKinsey analysis, time range from 2016 to 10 November 2020

## Why Choose HK?

### Hong Kong Market

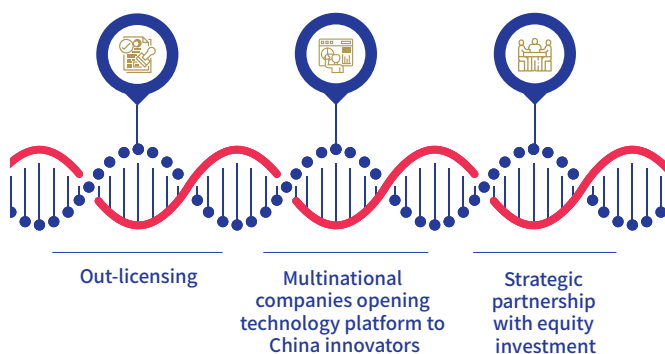
High quality biotech companies in China have gathered in HK for listing



- Fast Track Designation
- Breakthrough Treatment Designation
- Accelerated Approval Designation
- Orphan Drug Designation

Source: Press Release; FDA; Company Website; McKinsey analysis, November 2020

### Business developments in various areas



Source: GBI; company announcement; McKinsey analysis, November 2020

### Improving liquidity

More biotech companies included

Effective date: 28 December 2020;

Source: Shanghai Stock Exchange, Shenzhen Stock Exchange, as of 25 December 2020



## Why ETF?



Biotech involves specialized knowledge and high information barrier. Investing in ETF avoids the difficulty of stock-picking



The results of biotech R&D are hard to predict. Investing in ETF allows diversification of single company's business risk



The objective checking and periodic screening of an index enables a timely reflection of the industry trend



Low minimum investment amount

~HKD  
2,200<sup>^</sup>

Buy 1 lot of Hang Seng  
HK Biotech Index ETF

~HKD  
151,350<sup>^</sup>

Buy 1 lot for each of  
the top 5 constitute

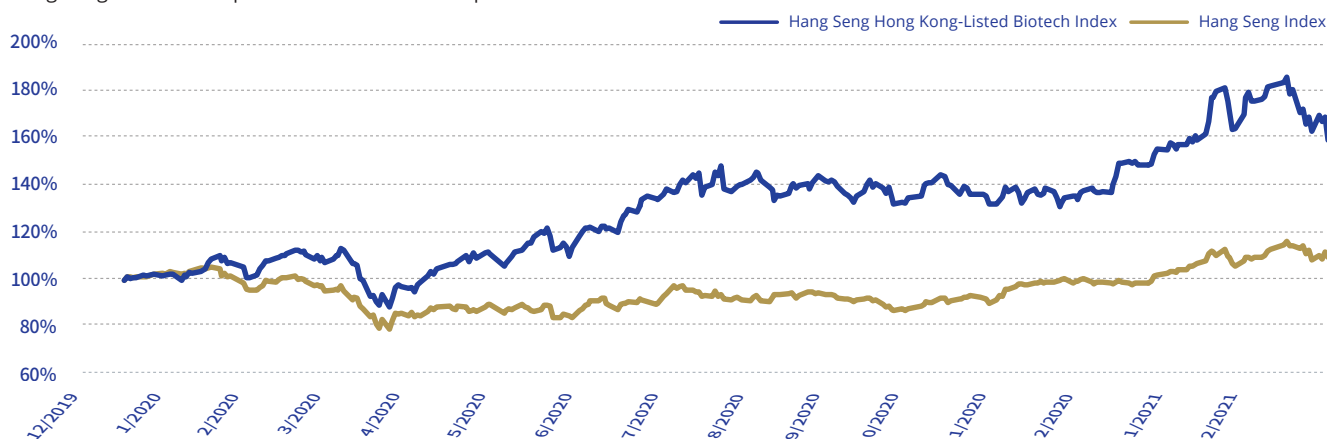
~HKD  
829,210<sup>^</sup>

Buy 1 lot for  
all constituents

<sup>^</sup> Data is an estimation for reference only (based on the closing level of the underlying index, closing prices of its constituent stocks and their weightings on 8 February 2021)  
Source: Bloomberg, as of 10 March 2021

## Index Performance

Since the launch of the Hang Seng Hong Kong-Listed Biotech Index<sup>^</sup>, the index has achieved 59.5% performance, outperforming the broad-based Hang Seng Index's 9.5% performance in the same period.



<sup>^</sup> Source: Bloomberg, Hang Seng Indexes Co Ltd, as of as of 4 March 2021. "Since the launch of the Hang Seng Hong Kong-Listed Biotech Index, the index has achieved 59.5% performance, outperforming the broad-based Hang Seng Index's 9.5% performance in the same period." is based on the index performance between 16 December 2019 and 4 March 2021. Data is for illustration purpose only and does not represent future return. The index cannot be invested directly. Index performance is expressed before any expenses and does not represent the performance of any ChinaAMC (HK) ETF.

## Product Key Fact

|                        |  |
|------------------------|--|
| Stock Code             | 3069.HK  |
| Investment Goal        | The investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the Hang Seng Hong Kong-Listed Biotech Index. |
| Underlying Index       | Hang Seng Hong Kong-Listed Biotech Index   |
| Manager                | China Asset Management (Hong Kong) Limited   |
| Trustee and Registrar  | HSBC Institutional Trust Services (Asia) Limited   |
| Listed date            | 18 March 2021  |
| Trading Board Lot Size | 100 Units  |
| Trading Currency       | HKD  |
| Base Currency          | HKD  |
| Distribution Policy    | Annually (usually in December), subject to the Manager's discretion.   |
| Management Fee         | 0.5%(p.a.)   |
| In-kind creation (HKD) | 200,000 (Application Unit Size)  |

## Top 10 Constituents

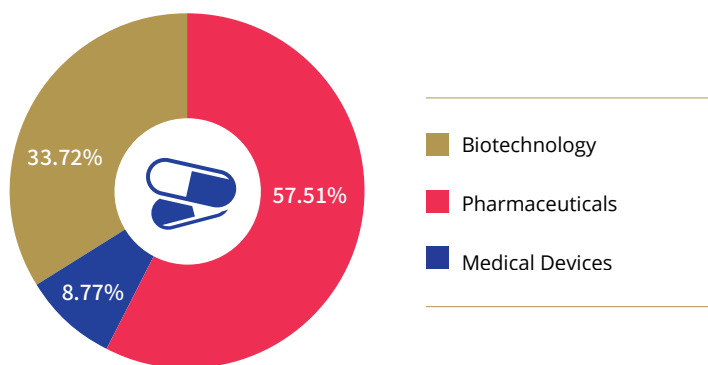
| Top 10 constituents | Stock Code | Stock Name    | Weighting (%) |
|---------------------|------------|---------------|---------------|
| 1                   | 2269.HK    | Wuxi Bio      | 9.92          |
| 2                   | 6618.HK    | JD Health     | 9.2           |
| 3                   | 1801.HK    | Innovent Bio  | 8.26          |
| 4                   | 1177.HK    | Sino Biopharm | 8.21          |
| 5                   | 0241.HK    | Ali Health    | 8.09          |
| 6                   | 1093.HK    | CSPC Pharma   | 7.23          |
| 7                   | 3692.HK    | Hansoh Pharma | 3.52          |
| 8                   | 2359.HK    | Wuxi Apptec   | 3.35          |
| 9                   | 0853.HK    | Microport     | 3.04          |
| 10                  | 1066.HK    | Weigao Group  | 2.66          |

Source: Hang Seng Indexes Co Ltd, as of 15 March 2021

## Index Information

|                       |   |                         |
|-----------------------|---|-------------------------|
| Index Name            | Hang Seng Hong Kong-Listed Biotech Index  |                         |
| Index Launch Date     | 16 December 2019  |                         |
| Index Base Date       | 31 December 2013  |                         |
| Base Point            | 1,000   |                         |
| No. of Constituents   | 51 (as of 15 March 2021)  |                         |
| Selection Criteria    | Include Main Board listed securities on the Stock Exchange of Hong Kong, including those listed through Chapter 18A, that are classified as "Biotechnology", "Pharmaceuticals", and "Medical Devices" in the Hang Seng Industry Classification System ("HSICS"). Securities ranked within cumulative full market capitalization coverage of 95% in the universe will be selected as constituents. |                         |
| Weighting Cap         | 10% cap on individual stocks  |                         |
| Index Review          | Index constituents are reviewed every <b>quarter</b> and the effective dates of constituent changes will be the next trading day after the first Friday of June, September, December and March  |                         |
| Weighting Methodology | Freefloat-adjusted market cap weighting   |                         |
| Base Currency         | HKD   |                         |
| Bloomberg Code        | HSKBION   | Refinitiv Code .HSKBION |

## Sector Allocation



Source: Wind, Hang Seng Indexes Co Ltd subsector classification, based on freefloat-adjusted market cap, as of 15 March 2021

## China Asset Management (Hong Kong) Limited ("ChinaAMC(HK)")

China Asset Management (Hong Kong) Limited ("ChinaAMC(HK)") is a wholly-owned subsidiary of China Asset Management Co. Limited that was incorporated in Hong Kong in September 2008. We are one of the first mainland Chinese fund management companies licensed to conduct asset management business in Hong Kong and one of the first RQFII (Renminbi Qualified Foreign Institutional Investor) fund managers. In 2015, the company was certified an "Overseas Trustee of Insurance Capital" by the China Insurance Regulatory Commission, making it one of the first Chinese fund managers qualified to provide overseas investment management services to Mainland insurance companies.

With the gradual opening up of China's capital market and rising two-way capital flows, the relationship between global and Chinese markets has deepened. As a top Chinese fund management company in Hong Kong, ChinaAMC (HK) is committed to developing offshore and cross-border asset management businesses by leveraging the expertise of its experienced investment and research teams and its shareholder companies' resources, services and connections in Mainland China.

Our vision is to become a pillar of the international financial architecture, helping to bridge the markets between China and the rest of the world. An advocate of globalized financial markets, ChinaAMC (HK) is a diversified and integrated asset management company. We have a broad range of product lines, including long-only funds, hedge funds, Exchange Traded Funds (ETF), leveraged/inverse products, bond funds and segregated accounts. Our team of experts offers in-depth knowledge and experience, and they provide advisory services aimed at achieving great outcomes for both individual and institutional investors in Asia, Europe and the U.S.

To help investors achieve their wealth management goals, ChinaAMC (HK) operates under the philosophy of prioritising and understanding our clients' needs. We follow a strict investment process while seeking to generate superior long-term returns for our investors.

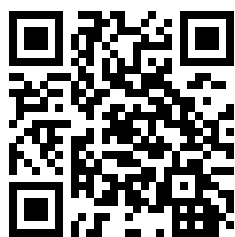
Our industry awards are a testament to our widely recognized investment excellence and our leadership position in the industry.



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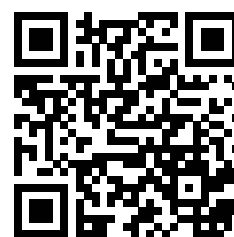
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