

HANG SENG CAPITAL GUARANTEED FUND SERIES

**HANG SENG 90%
CAPITAL GUARANTEED
HONG KONG EQUITY FUND**

**HANG SENG 100%
CAPITAL GUARANTEED
HONG KONG EQUITY FUND**

**HANG SENG 110%
CAPITAL GUARANTEED
HONG KONG EQUITY FUND (II)**

INVESTMENT OBJECTIVE

To achieve capital appreciation by participating in the performance of the Hang Seng Index, in addition to providing a guaranteed minimum return of 90% of the initial investment over 4 years at maturity. ("90% CG Fund")

To achieve capital appreciation by participating in the performance of the Hang Seng Index, in addition to providing a guaranteed minimum return of 100% of the initial investment over 4 years at maturity. ("100% CG Fund")

To achieve capital appreciation by participating in the performance of the Hang Seng Index, in addition to providing a guaranteed minimum return of 110% of the initial investment over 4 years at maturity. ("110% CG Fund (II)")

FUND INFORMATION

Launch Date :	01/03/2002	Launch Date :	01/03/2002	Launch Date :	01/03/2002
Maturity Date :	03/03/2006	Maturity Date :	03/03/2006	Maturity Date :	03/03/2006
Fund Size :	US\$12.49 million	Fund Size :	US\$30.51 million	Fund Size :	US\$246.48 million
Unit Price :	US\$8.72	Unit Price :	US\$9.55	Unit Price :	US\$10.37
Management Fee :	Up to 1.25% p.a. ⁽¹⁾	Management Fee :	Up to 1.25% p.a. ⁽¹⁾	Management Fee :	Up to 1.25% p.a. ⁽¹⁾
Redemption Fee :	Waived ⁽²⁾	Redemption Fee :	Waived ⁽²⁾	Redemption Fee :	Waived ⁽²⁾
Participation Rate:	92.1%	Participation Rate:	48.2%	Participation Rate:	10.3%
Dealing Date:	Every Monday	Dealing Date:	Every Monday	Dealing Date:	Every Monday

⁽¹⁾ Since most of the expenses and fees (approximately 5% for 4 years) are charged upfront at the inception of the Funds, investors will have already borne the total fees and expenses incurred for the whole investment period (4 years) even if the units are redeemed before the maturity date.

⁽²⁾ Redemption fee of the Fund was waived since 7 April 2003.

RETURN CALCULATION AT MATURITY

Guaranteed Capital	+	Participation in the Averaged Growth of the Hang Seng Index during the investment period
Initial investment X Guaranteed level (90%/100%/110%)		Initial investment X Participation rate X Monthly averaged positive growth % of the Hang Seng Index ⁽³⁾

⁽³⁾ Monthly positive growth % of the HSI is calculated by comparing the closing level of the Hang Seng Index on the 1st day of each month with the Initial Index Level. The averaged positive growth for the entire investment period is then determined by dividing the aggregated monthly growth recorded in the coming 48 months by 48. Negative growths are counted as zero. If the 1st day of the month is not a full trading day, then such calculation may be performed, at the Manager's discretion, on the next full trading day.

PERFORMANCE IN US DOLLAR *

Fund	3 Months	1 Year	Since Launch	Fund	3 Months	1 Year	Since Launch	Fund	3 Months	1 Year	Since Launch
	2.47%	1.99%	-12.80%		1.60%	4.71%	-4.50%		0.97%	6.69%	3.70%

* Unit Price-to-Unit Price return

Source : HSBC International Trustee Limited

MONTHLY POSITIVE GROWTH % OF THE HANG SENG INDEX ⁽⁴⁾

Calculation Date	Closing Level of HSI	Positive Growth (%)	Calculation Date	Sum of monthly positive growth (%)
Initial Index Level ⁽⁵⁾ :	10,864.268	N/A	Launch Date to 3 March 2003	13.20
1 April 2003	8,596.89	0		
2 May 2003	8,808.18	0		
2 June 2003	9,637.53	0		
2 July 2003	9,602.62	0		
1 August 2003	10,248.60	0		

Source: Bloomberg

⁽⁴⁾ This information is only for reference in calculating the return at maturity. Information as at 1 August 2003.

⁽⁵⁾ The Initial Index Level was determined by the averaged closing level of the Hang Seng Index on the five consecutive full trading days between 1 March and 7 March 2002. This index level will then be used as the base for calculating the monthly averaged positive growth for the Hang Seng Index in the 4-year investment period.

(All information as at 28 July 2003, the Funds' last dealing day of the month)

Hang Seng Bank Limited is the guarantor. In order for investors to benefit from the guarantee, they must hold their units to the maturity date. Please refer to the Funds' offering document for the guarantee details. Redemption prior to the maturity date will be subject to market fluctuations. The information contained herein has been obtained from sources believed to be reliable and is for reference only. Hang Seng Investment Management Limited does not warrant its completeness or accuracy. This sheet does not constitute any offer or solicitation to buy or sell any investment fund. Investors should note that investment in investment funds involves risk and past performance may not be indicative of future performance. Investors should refer to the relevant fund's offering document before making any investment decision.

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