THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUNDS NAMED BELOW

If you are in any doubt *about the contents of this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.*

If you have sold or transferred *all your units in Samsung HSI Daily (2x) Leveraged Product, Samsung HSI Daily (-1x) Inverse Product, Samsung HSCEI Daily (2x) Leveraged Product and/or Samsung HSCEI Daily (-1x) Inverse Product, you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.*

IMPORTANT: *The Stock Exchange of Hong Kong Limited (the "**SEHK**"), the Hong Kong Exchanges and Clearing Limited (the "**HKEX**"), the Hong Kong Securities and Futures Commission (the "**SFC**") and the Hong Kong Securities Clearing Company Limited (the "**HKSCC**") take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.*

*Samsung Asset Management (Hong Kong) Limited (the "**Manager**") accepts full responsibility for the accuracy of the information contained in this Announcement and Notice as at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, as at the date of publication, there are no other facts the omission of which would make any statement misleading.*

SFC authorisation is not a recommendation or an endorsement of the Trust (as defined below) and the Products (as defined below) nor does it guarantee the commercial merits of the Trust and the Products or their performance. It does not mean the Trust and the Products are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

Samsung Leveraged and Inverse Investment Product Series

(the "**Trust**")

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

Samsung HSI Daily (2x) Leveraged Product

Stock Code: 07205

Samsung HSI Daily (-1x) Inverse Product

Stock Code: 07312

Samsung HSCEI Daily (2x) Leveraged Product

Stock Code: 07228

Samsung HSCEI Daily (-1x) Inverse Product

Stock Code: 07328

(each a "**Product**", collectively the "**Products**")

ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND NON-APPLICABILITY OF CERTAIN PROVISIONS OF THE CODE ON UNIT TRUSTS AND MUTUAL FUNDS

Terms not defined in this Announcement and Notice will have the meanings as are given to such terms in the prospectus of the Trust and each of the Products published on 29 April 2020 (the "**Prospectus**").

IMPORTANT: Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the proposed cessation of trading of units of the Products (the "Units") on the SEHK, proposed termination and proposed deauthorisation of the Trust and the Products, proposed delisting of the Products from the SEHK and the non-applicability of certain provisions of the Code on Unit Trusts and Mutual Funds (the "Code") for the period from 19 January 2021 (the "Trading Cessation Date") to the date of deauthorisation of the Trust and Products (the "Deauthorisation Date"). In particular, investors should note that:

- **taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of each of the Products (see section 1 below), the Manager has decided to exercise its power under Clauses 35.5(A) and 35.6(A) of the trust deed dated 27 May 2016, as amended from time to time (the "Trust Deed") and proposed to seek termination of the Trust (and therefore all the Products) with effect from the Termination Date (as defined in section 2.4 below);**

- **the Last Trading Day (as defined in section 2.4 below) of the Units will be 18 January 2021;**

- **the Units will cease trading from the Trading Cessation Date (as defined in section 2.4 below), 19 January 2021;**

- **the Manager will aim to realise all of the assets of each of the Products from the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards, (i) there will be no further trading of Units and no further creation and redemption of Units; (ii) the Manager will start to realise all the assets of each of the Products and each of the Products will therefore cease to track the leveraged or inverse performance of its respective Index and will not be able to meet its investment objective of tracking the performance of such Index; (iii) the Products will no longer be marketed or offered to the public; (iv) the Products will mainly hold cash; and (v) the Products will only be operated in a limited manner;**

- **the Manager, upon consultation with the Trustee and the auditors of the Products (the "Auditors") will declare a Distribution (as defined in section 2.2 below) to the investors who remain so as at 22 January 2021. The amount of Distribution will equal the total net assets of each of the Products as at 22 January 2021, which will exclude (i) any taxes payable; and (ii) any expenses payable. The Distribution is expected to be payable on or around 28 January 2021;**

- **by the date when the Trustee and the Manager form an opinion that the Trust and the Products cease to have any respective outstanding contingent or actual assets or liabilities, the Trustee and the Manager will commence the completion**

of the termination of the Trust and the Products (i.e. the Termination Date). The Manager expects the Termination Date will be on or around 18 March 2021. The Manager will publish an announcement on or shortly before the Termination Date about the termination and deauthorisation of the Trust and the Products and delisting of the Products;

- **from the Trading Cessation Date until the Termination Date, the Manager will maintain the Trust's and each Product's SFC authorisation status and each Product's SEHK listed status. Subject to the SEHK's approval, delisting should take effect at or around the same time as the deauthorisation;**

- **the Manager will bear the unamortised preliminary expenses (as described in section 4.5 below) and all legal fees, costs and expenses associated with the termination of each Product (other than daily normal operating fees and expenses such as fees of service providers, transaction costs and any taxes relating to the realisation of assets of a Product) from the date of this Announcement and Notice up to and including the Termination Date;**

- **the Manager expects that the deauthorisation of the Trust and the Products and the delisting of the Products will take place either on the Termination Date or shortly after the Termination Date (please note that any product documentation for the Trust and the Products previously issued to investors, including the Prospectus and the Product Key Facts Statements (the "KFSs"), should be retained for personal use only and not for public circulation); and**

- **investors should pay attention to the risk factors set out in section 5.1 below (including liquidity risk, Units trading at a discount or premium and Market Makers' inefficiency risk, tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, failure to track the Indices risk and delay in distribution risk). Investors should exercise caution and consult their professional and financial advisers before dealing in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.**

Stockbrokers and financial intermediaries are urged to:

- **forward a copy of this Announcement and Notice to their clients holding Units in any or all of the Products, and inform them of the contents of this Announcement and Notice as soon as possible;**

- **facilitate their clients who want to dispose of Units in any or all of the Products on or before the Last Trading Day; and**

- **inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units.**

Stockbrokers and financial intermediaries are also urged to inform their clients of the distribution arrangements as set out in section 2.2 below and the possible impact on their clients in relation to such arrangements.

If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (please refer to section 7 below).

1. Proposed Termination, cessation of trading and realisation of assets

1.1. Proposed termination

According to Clauses 35.5(A) and 35.6(A) of the Trust Deed, the Trust (and therefore all the Products) may be terminated by the Manager in its absolute discretion by notice in writing in the event that after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Product outstanding shall be less than HK$150,000,000. The Trust Deed does not require investors' approval for terminating the Trust and the Products on the ground set out in Clauses 35.5(A) and 35.6(A).

As at 17 December 2020, the Net Asset Value and the Net Asset Value per Unit of each of the Products were as follows:

Product	Net Asset Value	Net Asset Value per Unit
Samsung HSI Daily (2x) Leveraged Product	**HK$57,381,065.81**	**HK$7.3565**
Samsung HSI Daily (-1x) Inverse Product	**HK$14,717,864.70**	**HK$4.0883**
Samsung HSCEI Daily (2x) Leveraged Product	**HK$24,220,360.32**	**HK$6.2103**
Samsung HSCEI Daily (-1x) Inverse Product	**HK$15,574,424.42**	**HK$4.3262**

Having taken into account the relevant factors including the interests of the investors as a whole, the current relatively small Net Asset Value of each of the Products, the Manager is of the view that the proposed termination of the Trust (and therefore all the Products) would be in the best interests of the investors of the Products. Therefore, the Manager decided to exercise its power under Clauses 35.5(A) and 35.6(A) of the Trust Deed by giving notice in writing to the Trustee of its proposal to terminate the Trust and the Products on the date on which the Trustee and the Manager form an opinion that the Trust and the Products cease to have any respective contingent or actual assets or liabilities. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Trust and the Products pursuant to Clauses 35.5(A) and 35.6(A) of the Trust Deed, and the Trustee does not object to such proposal and acknowledges the non-applicability of certain provisions of the Code as referred to in this Announcement and Notice.

As required under Clause 35.8 of the Trust Deed, no less than three months' notice is hereby given to the investors, notifying them of the proposed termination of the Trust and the Products. Also, as required under Chapters 11.1A and 11.2 of the Code, no less than one month's notice is hereby given to the investors, notifying them that each of the Products will cease to track the leveraged or inverse performance of its respective Index, and cease trading, from the Trading Cessation Date.

1.2. Proposed cessation of trading

The Manager will apply to SEHK to have the Units cease trading on the SEHK with effect from 19 January 2021 (the "**Trading Cessation Date**"). The Manager will aim to realise all of the assets of the Products effective from the Trading Cessation Date in exercise of its investment powers under Clause 9.6 of the Trust Deed.

The realisation of assets of the Products will not incur any additional cost as compared to the costs associated with normal realisation of investments.

18 January 2021 will be the Last Trading Day when investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place, and no creation and redemption of Units through Participating Dealers will be allowed after such date. Creation and redemption of Units by Participating Dealers will continue to be permitted until the Last Trading Day. Creations of Units will be limited to the creation of Units by Participating Dealers for market making activities of market makers to provide liquidity of the trading of the Units on the SEHK. There will be no creation of Units for other purposes after this Announcement and Notice has been published.

Investors should note that they cannot create or redeem Units directly in the primary market. Only Participating Dealers may submit creation and redemption applications to the Manager. Participating Dealers may have their own application procedures for their clients and may set application cut-off times for their clients which are earlier than those set out in the Prospectus but in any event no later than the Last Trading Day. Investors are advised to check with the Participating Dealers as to the relevant timing deadlines and the client acceptance procedures and requirements.

1.3. Impact of the proposed realisation of the assets

After the realisation of the assets of each of the Products, each of the Products will mainly hold cash (primarily consisting of the proceeds from the realisation of the assets of each of the Products). It therefore follows that, from the Trading Cessation Date, each of the Products will cease to track the leveraged or inverse performance of its respective Index, and will not be able to meet its respective investment objective of tracking the performance of the respective Index.

2. What will happen on or before the Last Trading Day and from the Trading Cessation Date?

2.1 Trading on the SEHK up to and including the Last Trading Day

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. The market makers of the Products (collectively the "**Market Makers**") will continue to perform their market making functions in accordance with the Trading Rules of the SEHK until the Trading Cessation Date.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units on the SEHK on investors, and a transaction levy (at 0.0027% of the price of the Units of each of the Products) and a trading fee (at 0.005% of the price of the Units of each of the Products) will be payable by the buyer and the seller of the Units.

No charge to stamp duty will arise in Hong Kong in respect of sale or purchase of Units on the SEHK.

The trading price of Units may be below or above the Net Asset Value per Unit. Please see the risk factor in section 5.1 below.

Relevant Investors (as defined **in section 2.2** below) are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their holdings of Units during the period from the Trading Cessation Date up till the date on which they cease to hold Units.

2.2 Distribution(s)

For Relevant Investors who are still holding Units of each of the Products after the Last Trading Day, the Manager will, after consulting the Trustee and the Auditors, declare a distribution in Hong Kong Dollars (the "**Distribution**") in respect of those investors who remain invested in the Products as of the Distribution Record Date (the "**Relevant Investors**"). Such Distribution is expected to be made on or around 28 January 2021 (the "**Distribution Date**").

Each Relevant Investor will be entitled to a Distribution of an amount equal to the relevant Product's then Net Asset Value in proportion to the Relevant Investor's Units in that Product as at the Distribution Record Date. Each Product's then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the relevant Product as described in section 1.3 above (which exclude (i) any taxes payable; and (ii) any expenses payable).

The Distribution payable to each Relevant Investor is expected to be paid on or around 28 January 2021, to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The Manager will issue a further announcement to inform the Relevant Investors of the exact day of payment of the Distribution, together with the amount of Distribution per Unit in respect of the relevant Product in due course.

The Manager does not expect or anticipate there will be a further distribution after the Distribution. However, in the unlikely event there is a further distribution after the Distribution, the Manager will issue an announcement informing the Relevant Investors.

IMPORTANT NOTE: Investors should pay attention to the risk factors as set out in section 5.1 below and consult their professional and financial advisers before disposing of their Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not in any circumstances be entitled to any portion of the Distribution or further distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult their professional and financial advisers before dealing in their Units or otherwise deciding on any course of actions to be taken in relation to their Units.

2.3 Between the Trading Cessation Date and Termination Date

Following the realisation of the assets and the Distribution and further distribution (if any), when the Manager and the Trustee are of the opinion that the Trust and the Products cease to have any respective contingent or actual assets or liabilities (the "**Termination Date**"), the Manager and the Trustee will commence the completion of terminating the Products.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Products will continue to have listing status on the SEHK and will remain authorised by the SFC, the Products will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Products will have no investment activities from the Trading Cessation Date onwards. As such, pursuant to Chapter 8.6(t) of the Code and question 20 of the Frequently Asked Questions on Leveraged and Inverse Products (the "**FAQs on Leveraged and Inverse Products**"), the Products will continue to maintain their authorisation status with the SFC without strictly complying with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in section 3 below.

The deauthorisation of the Trust and the Products and delisting of the Products will take place either on the Termination Date or shortly after the Termination Date, subject to the SFC's and SEHK's respective approvals. The Manager expects that delisting will only take place at or around the same time of the deauthorisation.

The proposed termination and deauthorisation of the Trust and the Products and the proposed delisting of the Products will be subject to the payment of all outstanding fees and expenses (please refer to section 4 below), discharge of all outstanding liabilities of the Trust and the Products, as well as final approvals by the SFC and the SEHK respectively.

Following deauthorisation, the Trust and the Products will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation previously issued to investors, including the Prospectus and the KFSs, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Trust and the Products to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance of Hong Kong (the "**SFO**").

2.4 Important dates

Subject to the SFC's and the SEHK's respective approvals for the proposed arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Trust and the Products will be as follows:

Dispatch of this Announcement and Notice	18 December 2020 (Friday)
No further request for creation of Units by investors in the primary market via Participating Dealers (other than by Participating Dealers for market making activities) after this Announcement and Notice has been published	21 December 2020 (Monday)
Last day on which requests for creation by Participating Dealers for market making activities and redemption of Units in the Products in the primary market may be accepted Last day for dealings in the Units on the SEHK (the "**Last Trading Day**")	18 January 2021 (Monday)
No further requests for creation and redemption of Units in the primary market will be accepted Cessation of trading in the Units on the SEHK in the secondary market The date on which the Manager will start to realise all the investments of the Products and each of the Products will cease to track the leveraged or inverse performance of its respective Index The day from which the Products shall no longer be marketed or offered to the public in Hong Kong (the "**Trading Cessation Date**")	19 January 2021 (Tuesday)

Last valuation of the Products to be conducted upon liquidation of all assets (the "**Last Valuation Date**")	21 January 2021 (Thursday)
Record date for determining the eligibility of entitlement for the Distribution and further distribution, if any (the "**Distribution Record Date**")	By close of business on 22 January 2021 (Friday)
Dispatch of announcement on Distribution and the distribution rate per Unit	On or around 26 January 2021 (Tuesday), at least one business day before the Distribution Date
Distribution, after the Manager having consulted the Trustee and the Auditors, will be paid to the investors who are still holding Units as at the Distribution Record Date (the "**Distribution Date**")	On or around 28 January 2021 (Thursday)
If any further distribution is payable to the Relevant Investors after the payment of the Distribution, dispatch of an announcement to inform investors of the amount and payment date	By 8 February 2021 (Monday)
Payment of further distribution (if any) to the Relevant Investors as mentioned in the preceding paragraph	On or around 16 February 2021 (Tuesday)
Termination of the Trust and the Products when the Manager and the Trustee form an opinion that the Trust and the Products cease to have any respective contingent or actual assets or liabilities (the "**Termination Date**")	Expected to be 18 March 2021 (Thursday)
Deauthorisation of the Trust and the Products and delisting of the Products The date of deauthorisation and delisting will be the date which the SFC and SEHK approve the deauthorisation and delisting respectively. The Manager expects that the deauthorisation and delisting will take place either on the Termination Date or immediately after the Termination Date	On or shortly after the Termination Date

The Manager will issue the following:

(i) (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;

(ii) (in due course) an announcement to inform the investors of the Distribution Date, and further distribution date (if any);

(iii) (prior to further distribution, if any) an announcement to inform the investors the amount of further distribution per Unit; and

(iv) (on or shortly before the Termination Date) an announcement informing investors about the Termination Date, Deauthorisation Date of the Trust and the Products and the date for the delisting of the Products,

in accordance with the applicable regulatory requirements.

If there is any change to the dates mentioned set out in the table above, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

3. <u>Non-applicability of certain provisions of the Code</u>

3.1 Background

As set out in section 2.3 above, while the Units will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Products, the Products will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Products will remain authorised by the SFC and maintain their SEHK listed status, until the completion of the proposed termination and deauthorisation of the Trust and the Products and the proposed delisting of the Products.

Pursuant to Chapter 8.6(t) of the Code and question 20 of the FAQs on Leveraged and Inverse Products, the Products may not strictly comply with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in this section 3.

3.2 Updating of the Prospectus and KFSs

Under Chapters 6.1 and 11.1B of the Code, the Prospectus and the KFSs in respect of the Products must be up-to-date and must be updated to incorporate any relevant changes to the Products.

The Manager will continue to manage the Products without updating the Prospectus and the KFSs in respect of the Products as required under Chapters 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

(i) the Manager shall promptly notify investors of any changes to the Products or to the Prospectus or the KFSs by means of publishing further announcement(s) on the website www.samsungetf.com.hk (this website has not been reviewed by the SFC) and the HKEX's website (each, a "**Relevant Future Announcement**"); and

(ii) the Manager shall ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice together with the Prospectus, the KFSs, and any other Relevant Future Announcement(s).

3.3 Provision of real time or near-real time indicative Net Asset Value per Unit and last Net Asset Value

Under Chapter 8.6(u)(i) and (ii) of the Code, the Manager is required to provide real time or near-real time indicative Net Asset Value per Unit (updated at least every 15 seconds during trading hours) and last Net Asset Value per Unit and last Net Asset Value of the Products (updated on a daily basis) on the Trust's website or such other channels as the SFC considers appropriate.

The Manager will continue to manage the Products without strict compliance with Chapter 8.6(u)(i) and (ii) of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

(i) the Manager shall ensure that the Net Asset Value per Unit as of 18 January 2021 (i.e. the Last Trading Day), which will be the latest Net Asset Value per Unit, will be published on the website www.samsungetf.com.hk (this website has not been reviewed by the SFC); and

(ii) the Manager shall update the latest available Net Asset Value per Unit on the website www.samsungetf.com.hk (this website has not been reviewed by the SFC) as soon as practicable should there be any other change to the Net Asset Value of each of the Products, including but not limited to changes arising from (i) the payment of Distribution (please see further in section 2.2 above); (ii) further distribution (if any); (iii) any deduction of transaction costs or taxes relating to the realisation of the assets of each of the Products; and (iv) any change in market value of the scrip dividend receivable by the Products (if any) of the underlying investments.

3.4 Publication of suspension of dealing

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in the Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager will continue to manage the Products without strict compliance with Chapter 10.7 of the Code from the Trading Cessation Date to the Deauthorisation Date, subject to the condition that a statement shall be posted in a prominent position of the website www.samsungetf.com.hk (this website has not been reviewed by the SFC) from the Trading Cessation Date to the Deauthorisation Date to notify investors that the Units have ceased trading on SEHK from 19 January 2021 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Products will maintain their listed status with SEHK during the period from and including the Trading Cessation Date up until the date of delisting and deauthorisation, investors may continue to access further announcements in relation to the Products via the the website www.samsungetf.com.hk (this website has not been reviewed by the SFC) and HKEX's website during such period.

3.5 Other related matter

The Manager confirms that, save for the particular provisions of the Code set out in sections 3.2 to 3.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Products.

4. Costs

4.1 Trading on the SEHK

As indicated in section 2.1 above, stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

4.2 Creation and redemption by Participating Dealers

All creations and redemptions of Units by Participating Dealers will be subject to the fees and costs as set out in the Prospectus. Participating Dealers may pass on to the Relevant Investors such fees and costs, and may also impose fees and charges in handling creation and redemption requests which would increase the cost of creation and redemption. Investors are advised to check with Participating Dealers as to their relevant fees, costs and charges.

4.3 Ongoing charges

The ongoing charges over a year for the Products as a percentage of Net Asset Value are:

- Samsung HSI Daily (2x) Leveraged Product: 2.31%*;
- Samsung HSI Daily (-1x) Inverse Product: 3.55%*;
- Samsung HSCEI Daily (2x) Leveraged Product: 2.15%*; and
- Samsung HSCEI Daily (-1x) Inverse Product: 3.28%*.

** The ongoing charges figure is an annualised figures based on expenses during the period from 1 April 2020 to 7 December 2020, expressed as a percentage of the average Net Asset Value over the same period, annualised to give an ongoing charges figure over a year.*

The ongoing charges are calculated in accordance with the guidance under the relevant SFC circular, and exclude the following costs and expenses associated with the termination of the Products (which are borne by each relevant Product): (i) transaction costs and (ii) any taxes relating to the realisation of assets of the Products. The Manager does not expect that the termination of the Trust and the Products will impact the ongoing charges figures of the Products as disclosed above.

Each of the Products does not have any contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

4.4 Cost of termination, deauthorisation and delisting

The Manager will bear the unamortised preliminary expenses (as described in section 4.5 below) and all legal fees, costs and expenses associated with the termination of each Product (other than daily normal operating fees and expenses such as fees of service providers, transaction costs and any taxes relating to the realisation of assets of a Product) from the date of this Announcement and Notice up to and including the Termination Date.

For the avoidance of doubt, normal daily operating fees and expenses (including fees of service providers) will continue to accrue and be payable by the Products in accordance with the Prospectus until the Last Valuation Date. In particular, the Manager and the Trustee will continue to charge each Product a management fee and a trustee fee respectively until the Last Valuation Date.

The Manager and the Trustee will waive their entitlement to management fee and trustee fee respectively from the Last Valuation Date until the Termination Date.

4.5 Unamortised preliminary expenses

As at the date of this Announcement and Notice, each Product has unamortised preliminary expenses in the following amounts:

- Samsung HSI Daily (2x) Leveraged Product: HK$119,592.00;

- Samsung HSI Daily (-1x) Inverse Product: HK$119,592.00;
- Samsung HSCEI Daily (2x) Leveraged Product: HK$119,592.00; and
- Samsung HSCEI Daily (-1x) Inverse Product: HK$119,592.00.

5. Other matters

5.1 Other implications of the proposed cessation of trading, the proposed termination, deauthorisation and delisting

In consequence of this Announcement and Notice and the proposed cessation of trading of the Units on the SEHK, proposed termination and proposed deauthorisation of the Trust and the Products and the proposed delisting of the Products from the SEHK, investors should note and consider the following risks:

Liquidity risk – Trading of Units in each of the Products on the SEHK from the date of this Announcement and Notice may become less liquid.

Units trading at a discount or premium and Market Makers' inefficiency risk – The Units of the Products may trade at a discount or premium of its Net Asset Value. Although the Manager expects that, up to (and including) the Last Trading Day, the Market Makers will continue to perform their market making functions in respect of the Products in accordance with the Trading Rules of the SEHK, Units may trade at a discount compared to their Net Asset Value in extreme market situations. This is because many investors may want to sell their Units after the proposal to terminate the Trust and the Products has been announced but there may not be many investors in the market who are willing to purchase such Units. On the other hand, it is also possible that the Units may trade at a premium, and consequently the divergence between the supply of and demand for the Units of the Products may be larger than usual. In particular, should there be a large demand for Units before the Trading Cessation Date, the Market Makers may not be able to effectively perform its market making activities to provide liquidity of the trading of Units on the SEHK in these extreme market situations. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk – It is possible that the size of the relevant Product may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfill the investment objectives of the Products and result in significant tracking error. In the extreme situation where the size of the relevant Product becomes so small that the Manager considers that it is not in the best interest of the relevant Product to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the relevant Product into cash or deposits in order to protect the interest of the investors of that Product.

Net Asset Value downward adjustment risk – Changes in economic environment, consumption pattern and investors' expectations may have significant impact on the value of the investments and there may be significant drop in value of the investments. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day.

Failure to track the Indices risk – All assets of the Products, to the extent possible, will be liquidated with effect from the Trading Cessation Date. Thereafter, the Products' assets will mainly be cash. The Products will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, each of the Products will cease to track the leveraged or inverse performance of its respective Index, and will not be able to meet its respective investment objective of tracking the performance of such Index.

Delay in distribution risk – The Manager will aim to realise all of the assets of the Products and proceed with the Distribution and further distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Products in a timely manner during certain periods of time, for example, when trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depositary of the relevant market is closed. In this case, the payment of Distribution or further distribution (if any) may be delayed.

Investor attention is also drawn to the risk factors disclosed in the Prospectus.

5.2 Tax implications

Based on the Manager's understanding of the law and practice in force at the date of this Announcement and Notice, as the Trust and the Products are collective investment schemes authorised under Section 104 of the SFO, profits of the Trust and the Products derived from realisation of their assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Trust and each Product derived from realisation of their assets are exempt from Hong Kong profits tax, the Trust and each Product may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

Distribution or further distribution (if any) to the extent of distribution of profits and/or capital of the Trust and the Products should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Products may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Products are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

5.3 Connected party transaction

None of the Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Products, nor hold any interest in any of the Products.

6. <u>Documents available for inspection</u>

Copies of the following documents are available for inspection free of charge upon request at the Manager's office (see section 7 below) during office hours:

(i) the Trust Deed;

(ii) the Participation Agreements;

(iii) the Service Agreements;

(iv) the most recent annual report and accounts of the Trust and the Products and the most recent interim report of the Trust and the Products; and

(v) the Prospectus and the KFSs.

Copies of the above documents may be obtained from the Manager at a cost of HK$150 per set of copy documents (other than the financial statements, the Prospectus and the KFSs which may be obtained free of charge).

7. Enquiries

If you have any questions in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager at 4513-14, Two International Finance Centre, 8 Finance Street, Central, Hong Kong or on +852 2115 8710 during office hours, or visiting the Manager's website www.samsungetf.com.hk (this website has not been reviewed by the SFC).

The Manager accepts full responsibility for the accuracy of the contents of this Announcement and Notice, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

Samsung Asset Management (Hong Kong) Limited
as Manager of the Trust and the Products

18 December 2020

PRODUCT KEY FACTS

Samsung HSI Daily (2x) Leveraged Product

Issuer: Samsung Asset Management (Hong Kong) Limited
三星資產運用（香港）有限公司

17 December 2020

This is a leveraged product. It is different from conventional exchange traded funds as it seeks leveraged investment results relative to the Index and only on a Daily basis.

This product is not intended for holding longer than one day as the performance of this product over a longer period may deviate from and be uncorrelated to the leveraged performance of the Index over the period.

This product is designed to be used for short term trading or hedging purposes, and is not intended for long term investment.

This product only targets sophisticated trading-oriented investors who understand the potential consequences of seeking Daily leveraged results and the associated risks and constantly monitor the performance of their holdings on a Daily basis.

This is a product traded on the exchange.

This statement provides you with key information about this product.

This statement is a part of the Prospectus.

You should not invest in this product based on this statement alone.

Quick facts

Stock code:	07205
Trading lot size:	200 Units
Manager:	Samsung Asset Management (Hong Kong) Limited 三星資產運用（香港）有限公司
Trustee and Registrar:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year[#] (annual average daily ongoing charges[##]):	2.31% (0.0094%)
Actual annual average daily tracking difference[###]:	0.00%
Underlying Index:	Hang Seng Index (HSI)
Trading currency:	Hong Kong dollars (HKD)
Base currency:	HKD

Distribution policy:	Annually (usually in March of each year) (if any) in HKD subject to the Manager's discretion. Distributions may be paid out of capital or effectively out of capital.
Financial year end of this product:	31 March
Product website:	www.samsungfund.com.hk/en/products/07205 (this website has not been reviewed by the SFC)

What is this product?

Samsung HSI Daily (2x) Leveraged Product (the "**Product**") is a sub-fund of Samsung Leveraged and Inverse Investment Product Series, an umbrella unit trust established under Hong Kong law. Units of the Product ("**Units**") are listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**"). These Units are traded on the SEHK like listed stocks. It is a futures-based product which invests directly in futures contracts on the Index traded on the Hong Kong Futures Exchange Limited (the "**HKFE**") ("**HSI Futures Contracts**") so as to give the Product twice (2x) the Daily performance of the Index.

Objective and Investment Strategy

Objective

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

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

Strategy

In seeking to achieve the Product's investment objective, the Manager adopts a futures-based replication investment strategy through investing directly in the spot month HSI Futures Contracts, subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering into the spot month HSI Futures Contracts, the Manager anticipates that no more than 20% of the net asset value of the Product (the "**Net Asset Value**") from time to time will be used as margin to acquire HSI Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange during extreme market turbulence), the margin requirement may increase substantially.

Not less than 70% of the Net Asset Value of the Product (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and SFC authorised money market funds in accordance with the requirements of the Code. In addition, the Product may invest up to 10% of its Net Asset Value in exchange traded fund(s) authorised by the SFC and listed in Hong Kong, the investment objective of which is/are to track the performance of the Index and which is/are not managed by the

The ongoing charges figure is an annualized figure based on expenses during the period from 1 April 2020 to 7 December 2020. It represents the ongoing expenses chargeable to the Product as a percentage of the average Net Asset Value of the Product over the same period, annualized to give an ongoing charges figure over a year. The figure may vary from year to year.

The annual average daily ongoing charges figure is equal to the ongoing charges figure divided by the number of dealing days for a year. The figure may vary from year to year.

This is the actual annual average daily tracking difference of the most recent calendar year. Investors should refer to the Product's website for information on the actual daily tracking difference and an updated actual average daily tracking difference.

Manager ("**HSI ETFs**"). Investments in exchange traded funds by the Product are considered and treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of the Code.

Daily rebalancing

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

Futures roll

The Manager will use its discretion to carry out the roll-over of the spot month HSI Futures Contracts into the next month HSI Futures Contracts with the goal that, by one Business Day before the last trading day of the spot month HSI Futures Contracts, all roll over activities would have occurred.

Index

The Hang Seng Index, commonly referred to as HSI, 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 a price index without adjustments for cash dividends or warrant bonuses. The Index adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on individual constituent weightings.

As at 31 March 2020, it comprised 50 constituent stocks with total market capitalisation of approximately HKD15,689,289 million. The Index was launched on 24 November 1969 with a base level of 100 on 31 July 1964. The Index is denominated in HKD and compiled and managed by Hang Seng Indexes Company Limited (the "**Index Provider**"). The Manager (and each of its connected persons) is independent of the Index Provider.

You can obtain the list of the constituents of the Index, their respective weightings and additional information of the Index from the following website www.hsi.com.hk (this website has not been reviewed by the SFC).

Index information

Bloomberg code: HSI

Reuters code: .HSI

Use of derivatives

The Product's net derivative exposure may be more than 100% of the Product's Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including as to the risk factors.

1. Investment risk

- The Product is a derivative product and is not suitable for all investors. There is no guarantee of the repayment of principal. Therefore your investment in the Product may suffer substantial/total losses.

2. Long term holding risks

- **The Product is not intended for holding longer than one day** as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss may be more than twice the fall in the Index).
- The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. With higher Index volatility, the deviation of the Product's performance

from the leveraged performance of the Index will increase, and the performance of the Product will generally be adversely affected.

- As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance increases or is flat.

3. Leverage risk

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

4. Rebalancing activities risk

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

5. Liquidity risk

- The rebalancing activities of the Product will typically take place near the end of a Business Day at or around the close of trading of the underlying markets to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

6. Volatility risk

- Prices of the Product may be more volatile than conventional ETFs because of using leverage and the Daily rebalancing activities.

7. Intraday investment risk

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

8. Portfolio turnover risk

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

9. Futures contracts risks

- The Product is a futures based product. Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. The leverage component of futures contracts can result in a loss significantly greater than the amount invested in the futures contracts by the Product. Exposures to futures contracts may lead to a high risk of significant loss by the Product.
- A "roll" occurs when an existing futures contract is about to expire and is replaced with a futures contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward (due to the higher price of the futures contract with a later expiration date) as the futures contracts approach expiry.
- There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the Product from achieving its investment objective.

10. Holding of HSI Futures Contracts restriction in number risk

- The current restriction in the Securities and Futures (Contracts Limits and Reportable Position) Rules (the "**Rules**") limits the holding of HSI Futures Contracts by a fund or product. As such, the positions held or controlled by the Product are subject to the prescribed position limit and may not exceed the relevant maximum under the Rules. If the Net Asset Value of the Product grows significantly, the restrictions under the Rules may prevent creations of Units due to the inability of the Product to acquire further HSI Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The investment exposure could also deviate from the target exposure which increases tracking error risk for the Product.

- The positions of futures contracts or stock options contracts held or controlled by the Manager, including positions held for the Manager's own account or for the funds under its management (such as the Product) but controlled by the Manager, may not in aggregate exceed the relevant maximum under the Rules. Accordingly, if the position held or controlled by the Manager reaches the relevant position limit, the restrictions under the Rules may prevent creations of Units due to the inability under the Rules of the Product to acquire further HSI Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit and increase the tracking error risk for the Product.

11. Concentration risk

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

12. Distributions risk

- Where distributions are distributed out of capital or effectively out of capital, this amounts to a return or withdrawal of an investor's original investment or from any capital gains attributable to that original investment and may result in an immediate reduction in the Net Asset Value per Unit.

13. Passive investments risks

- The Product is not "actively managed" and therefore the Manager will not adopt any temporary defensive position when the Index moves in an unfavourable direction. In such circumstances the Product will also decrease in value.

14. Trading risks

- 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 Net Asset Value.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

15. Trading differences risk

- The HKFE and the SEHK have different trading hours. As the HKFE may be open when Units in the Product are not priced, the value of the HSI Futures Contracts in the Product's portfolio may change at times when investors will not be able to purchase or sell the Product's Units. Difference in trading hours between the HKFE and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.
- Trading of the Index constituents closes earlier than trading of HSI Futures Contracts, and so there may continue to be price movements for HSI Futures Contracts when Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and HSI Futures Contracts, which may prevent the Product from achieving its investment objective.

16. Reliance on market maker risks

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the Units and gives not less than 3 months' notice prior to termination of the market making arrangement, liquidity in the market for the Units may be adversely affected if there is only one market maker for the Units. There is no guarantee that any market making activity will be effective.

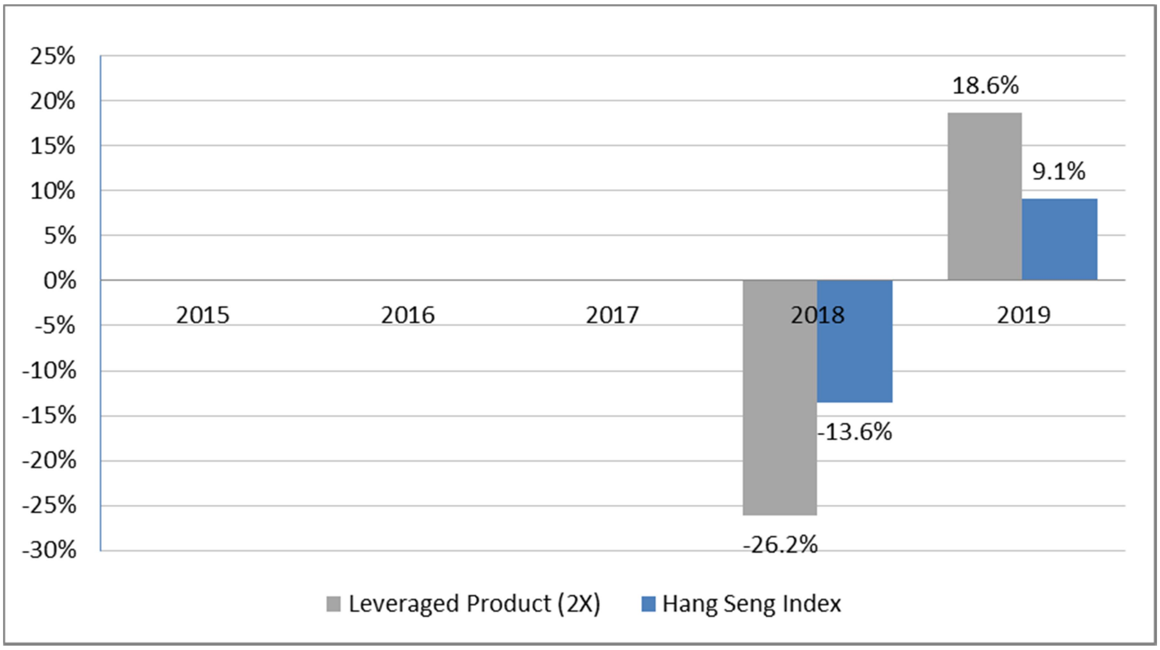
17. Tracking error and correlation risks

- Fees and expenses of the Product, high portfolio turnover, liquidity of the market and the investment strategy to be adopted by the Manager may result in tracking error and may reduce the correlation between the performance of the Product and the two times (2x) Daily leveraged performance of the Index. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the Daily leveraged performance of the Index.

18. Termination risk

- The Product may be terminated early under certain circumstances, for example, where there is no market maker, the Index is no longer available for benchmarking or if the size of the Product falls below HKD40 million. Any distribution received by a Unitholder on termination of the Product may be less than the capital initially invested by the Unitholder, resulting in a loss to the Unitholder.

How has the product performed?



- Past performance information of the Product is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of performance of the Product is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- The graph shows how much the Product and the underlying index increased or decreased in value during the calendar year being shown.
- Performance of the Product has been calculated in HKD taking into account ongoing charges and excluding your trading costs on SEHK.
- The Product seeks to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of the Product may not correspond to two times the return of the underlying index over a one-year period or any period beyond one day. Investors should refer to the Prospectus for more information about the differences between the performance of the Product and two times the return of the underlying index over a period longer than one day.
- Where no past performance is shown there was insufficient data available in that year to provide performance.

- Fund launch date: 14 March 2017

Is there any guarantee?

The Product does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges incurred when trading the Product on the SEHK

Fees	What you pay
Brokerage fee	Market rates
Transaction levy	0.0027%[1] of the trading price
SEHK trading fee	0.005%[2] of the trading price
Stamp duty	Nil

[1] *Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.*
[2] *Trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.*

Ongoing fees payable by the Product

The following expenses will be paid out of the Product. They affect you because they reduce the Net Asset Value of the Product which may affect the trading price.

	Annual rate (as a % of Net Asset Value)
Management fee[*] The Product pays a management fee to the Manager.	0.65%
Trustee's fee[*]	0.08%, subject to a monthly minimum of HKD 11,500
Performance fee	Nil
Administration fee	Nil

Other fees

You may have to pay other fees when dealing in the Units of the Product.

Additional information

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

(a) the Prospectus and this statement (as revised from time to time);

(b) the latest annual financial report and interim unaudited financial report (in English only);

(c) any notices relating to material changes to the Product which may have an impact on its investor such as material alterations or additions to the Prospectus or the Product's constitutive documents;

(d) any public announcements made by the Product, including information with regard to the Product and Index, and notices of the suspension of creation and redemption of Units, the suspension of the calculation of the Net Asset Value, changes in fees and the suspension

[*] *Please note that these fees may be increased up to a permitted maximum on giving 1 month's notice to Unitholders. Please refer to the section of the Prospectus entitled "Fees and Expenses" for further details of the fees and charges payable and the permitted maximum of such fees allowed as well as other ongoing expenses that may be borne by the Product.*

and resumption of trading;

(e) the near real time indicative Net Asset Value per Unit throughout each dealing day in HKD;

(f) the last Net Asset Value of the Product in HKD, and last Net Asset Value per Unit in HKD (updated on a daily basis);

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

(h) the past performance information of the Product;

(i) the full portfolio information of the Product (updated on a Daily basis);

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

(k) the composition of dividends for the Product (i.e. the relative amounts paid out of (i) net distribution income, and (ii) capital), if any, for a rolling 12-month period; and

(l) the latest list of the participating dealers and market makers.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

PRODUCT KEY FACTS

Samsung HSI Daily (-1x) Inverse Product

Issuer: Samsung Asset Management (Hong Kong) Limited

三星資產運用（香港）有限公司

17 December 2020

This is an inverse product. It is different from conventional exchange traded funds as it seeks inverse investment results relative to the Index and only on a Daily basis.

This product is not intended for holding longer than one day as the performance of this product over a longer period may deviate from and be uncorrelated to the inverse performance of the Index over the period.

This product is designed to be used for short term trading or hedging purposes, and is not intended for long term investment.

This product only targets sophisticated trading-oriented investors who understand the potential consequences of seeking Daily inverse results and the associated risks and constantly monitor the performance of their holdings on a Daily basis.

This is a product traded on the exchange.

This statement provides you with key information about this product.

This statement is a part of the Prospectus.

You should not invest in this product based on this statement alone.

Quick facts

Stock code:	07312
Trading lot size:	200 Units
Manager:	Samsung Asset Management (Hong Kong) Limited 三星資產運用（香港）有限公司
Trustee and Registrar:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year# (annual average daily ongoing charges##):	3.55% (0.0145%)
Actual annual average daily tracking difference###:	0.00%
Underlying Index:	Hang Seng Index (HSI)
Trading currency:	Hong Kong dollars (HKD)
Base currency:	HKD

Distribution policy:	Annually (usually in March of each year) (if any) in HKD subject to the Manager's discretion. Distributions may be paid out of capital or effectively out of capital.
Financial year end of this product:	31 March
Product website:	www.samsungfund.com.hk/en/products/07312 (this website has not been reviewed by the SFC)

What is this product?

Samsung HSI Daily (-1x) Inverse Product (the "**Product**") is a sub-fund of Samsung Leveraged and Inverse Investment Product Series, an umbrella unit trust established under Hong Kong law. Units of the Product ("**Units**") are listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**"). These Units are traded on the SEHK like listed stocks. It is a futures-based product which invests directly in futures contracts on the Index traded on the Hong Kong Futures Exchange Limited (the "**HKFE**") ("**HSI Futures Contracts**") so as to give the Product the <u>inverse (-1x) Daily</u> performance of the Index.

Objective and Investment Strategy

Objective

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

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

Strategy

In seeking to achieve the Product's investment objective, the Manager adopts a futures-based replication investment strategy through investing directly in the spot month HSI Futures Contracts, subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering into the spot month HSI Futures Contracts, the Manager anticipates that no more than 10% of the net asset value of the Product (the "**Net Asset Value**") from time to time will be used as margin to acquire HSI Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange during extreme market turbulence), the margin requirement may increase substantially.

Not less than 90% of the Net Asset Value of the Product (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and SFC authorised money market funds in accordance with the requirements of the Code.

Daily rebalancing

On each day when the HKFE and the SEHK are open for trading (i.e. a Business Day), the Product will

[#] The ongoing charges figure is an annualized figure based on expenses during the period from 1 April 2020 to 7 December 2020. It represents the ongoing expenses chargeable to the Product as a percentage of the average Net Asset Value of the Product over the same period, annualized to give an ongoing charges figure over a year. The figure may vary from year to year.

[##] The annual average daily ongoing charges figure is equal to the ongoing charges figure divided by the number of dealing days for a year. The figure may vary from year to year.

[###] This is the actual annual average daily tracking difference of the most recent calendar year. Investors should refer to the Product's website for information on the actual daily tracking difference and an updated actual average daily tracking difference.

seek to rebalance its portfolio at or around the close of trading of the underlying futures market, by decreasing exposure in response to the Index's Daily gains or increasing exposure in response to the Index's Daily losses, so that its Daily inverse exposure ratio to the Index is consistent with the Product's investment objective.

Futures roll

The Manager will use its discretion to carry out the roll-over of the spot month HSI Futures Contracts into the next month HSI Futures Contracts with the goal that, by one Business Day before the last trading day of the spot month HSI Futures Contracts, all roll over activities would have occurred.

Index

The Hang Seng Index, commonly referred to as HSI, 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 a price index without adjustments for cash dividends or warrant bonuses. The Index adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on individual constituent weightings.

As at 31 March 2020, it comprised 50 constituent stocks with total market capitalisation of approximately HKD15,689,289 million. The Index was launched on 24 November 1969 with a base level of 100 on 31 July 1964. The Index is denominated in HKD and compiled and managed by Hang Seng Indexes Company Limited (the "**Index Provider**"). The Manager (and each of its connected persons) is independent of the Index Provider.

You can obtain the list of the constituents of the Index, their respective weightings and additional information of the Index from the following website www.hsi.com.hk (this website has not been reviewed by the SFC).

Index information

Bloomberg code: HSI
Reuters code: .HSI

Use of derivatives

The Product's net derivative exposure may be more than 50% but up to 100% of the Product's Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including as to the risk factors.

1. Investment risk

- The Product is a derivative product and is not suitable for all investors. There is no guarantee of the repayment of principal. Therefore your investment in the Product may suffer substantial/total losses.

2. Inverse performance risk

- The Product tracks the inverse Daily performance of the Index. Should the value of the underlying securities of the Index increase, it could have a negative effect on the performance of the Product. Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments.

3. Long term holding risks

- **The Product is not intended for holding longer than one day** as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Index over that same period (e.g. the loss may be more than -1 times the increase in the Index).
- The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. With higher Index volatility, the deviation of the Product's performance from the inverse performance of the Index will increase, and the performance of the Product will

generally be adversely affected.

- As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance falls or is flat.

4. Inverse Product vs. short selling risk

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

5. Unconventional return pattern risk

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

6. Rebalancing activities risk

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

7. Liquidity risk

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

8. Volatility risk

- Prices of the Product may be more volatile than conventional ETFs because of the Daily rebalancing activities.

9. Intraday investment risk

- The Product will normally be rebalanced near the end of a Business Day at or around the close of trading of the underlying futures market. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

10. Portfolio turnover risk

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

11. Futures contracts risks

- The Product is a futures based product. Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. The leverage component of futures contracts can result in a loss significantly greater than the amount invested in the futures contracts by the Product. Exposures to futures contracts may lead to a high risk of significant loss by the Product.
- A "roll" occurs when an existing futures contract is about to expire and is replaced with a futures contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the futures contracts approach expiry.
- There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the Product from achieving its investment objective.

12. Holding of HSI Futures Contracts restriction in number risk

- The current restriction in the Securities and Futures (Contracts Limits and Reportable Position) Rules (the "**Rules**") limits the holding of HSI Futures Contracts by a fund or product. As such, the positions held or controlled by the Product are subject to the prescribed position limit and may not exceed the relevant maximum under the Rules. If the Net Asset Value of the Product grows significantly, the restrictions under the Rules may prevent creations of Units due to the inability of the Product to acquire further HSI Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The investment exposure could also deviate from the target exposure which increases tracking error risk for the Product.

- The positions of futures contracts or stock options contracts held or controlled by the Manager, including positions held for the Manager's own account or for the funds under its management (such as the Product) but controlled by the Manager, may not in aggregate exceed the relevant maximum under the Rules. Accordingly, if the position held or controlled by the Manager reaches the relevant position limit, the restrictions under the Rules may prevent creations of Units due to the inability under the Rules of the Product to acquire further HSI Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit and increase the tracking error risk for the Product.

13. Concentration risk

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

14. Distributions risk

- Where distributions are distributed out of capital or effectively out of capital, this amounts to a return or withdrawal of an investor's original investment or from any capital gains attributable to that original investment and may result in an immediate reduction in the Net Asset Value per Unit.

15. Passive investments risks

- The Product is not "actively managed" and therefore the Manager will not adopt any temporary defensive position when the Index moves in an unfavourable direction. In such circumstances the Product will also decrease in value.

16. Trading risks

- 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 Net Asset Value.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

17. Trading differences risk

- The HKFE and the SEHK have different trading hours. As the HKFE may be open when Units in the Product are not priced, the value of the HSI Futures Contracts in the Product's portfolio may change at times when investors will not be able to purchase or sell the Product's Units. Difference in trading hours between the HKFE and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.
- Trading of the Index constituents closes earlier than trading of HSI Futures Contracts, and so there may continue to be price movements for HSI Futures Contracts when Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and HSI Futures Contracts, which may prevent the Product from achieving its investment objective.

18. Reliance on market maker risks

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the Units and gives not less than 3 months' notice prior to termination of the market making arrangement, liquidity in the market for the Units may be adversely affected if there is only one market maker for the Units. There is no guarantee that any market making activity will be effective.

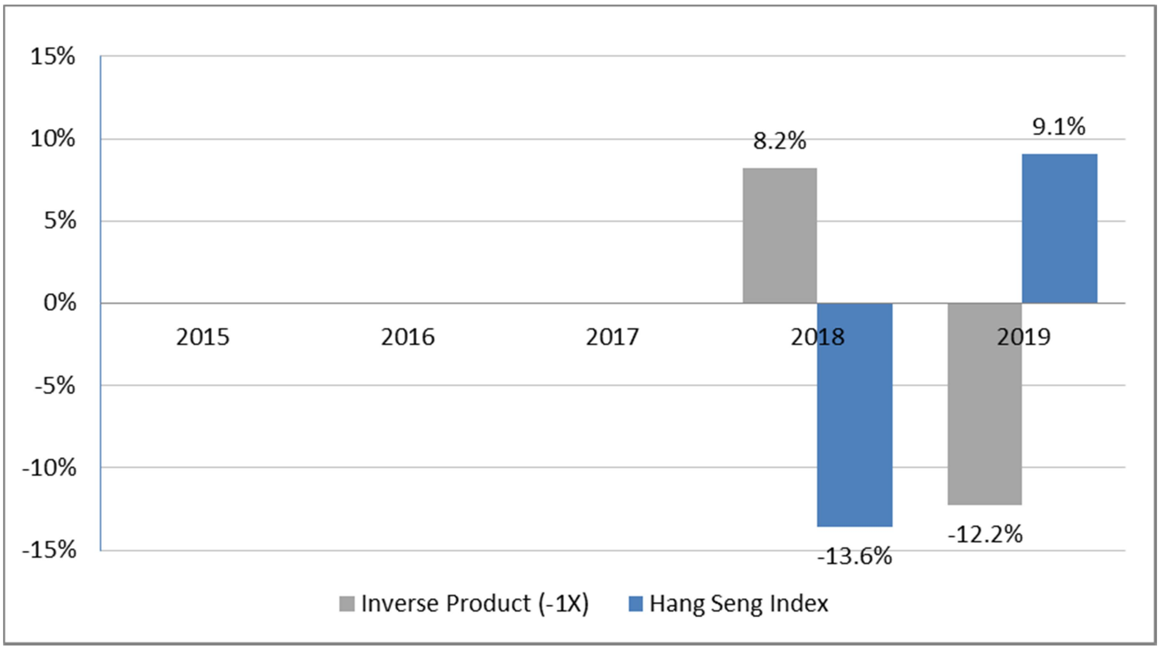
19. Tracking error and correlation risks

- Fees and expenses of the Product, high portfolio turnover, liquidity of the market and the investment strategy to be adopted by the Manager may result in tracking error and may reduce the correlation between the performance of the Product and the Daily inverse performance of the Index. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the Daily inverse performance of the Index.

20. Termination risk

- The Product may be terminated early under certain circumstances, for example, where there is no market maker, the Index is no longer available for benchmarking or if the size of the Product falls below HKD40 million. Any distribution received by a Unitholder on termination of the Product may be less than the capital initially invested by the Unitholder, resulting in a loss to the Unitholder.

How has the product performed?



- Past performance information of the Product is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of performance of the Product is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- The graph shows how much the Product and the underlying index increased or decreased in value during the calendar year being shown.
- Performance of the Product has been calculated in HKD taking into account ongoing charges and excluding your trading costs on SEHK.
- The Product seeks to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of the Product may not correspond to the opposite return of the underlying index over a one-year period or any period beyond one day. Investors should refer to the Prospectus for more information about the differences between the performance of the Product and the opposite return of the underlying index over a period longer than one day.
- Where no past performance is shown, there was insufficient data available in that year to provide performance.
- Fund launch date: 14 March 2017

Is there any guarantee?

The Product does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges incurred when trading the Product on the SEHK

Fees	What you pay
Brokerage fee	Market rates
Transaction levy	0.0027%[1] of the trading price
SEHK trading fee	0.005%[2] of the trading price
Stamp duty	Nil

[1] *Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.*
[2] *Trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.*

Ongoing fees payable by the Product

The following expenses will be paid out of the Product. They affect you because they reduce the Net Asset Value of the Product which may affect the trading price.

	Annual rate (as a % of Net Asset Value)
Management fee* The Product pays a management fee to the Manager.	0.65%
Trustee's fee*	0.08%, subject to a monthly minimum of HKD 11,500
Performance fee	Nil
Administration fee	Nil

Other fees

You may have to pay other fees when dealing in the Units of the Product.

Additional information

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

(a) the Prospectus and this statement (as revised from time to time);

(b) the latest annual financial report and interim unaudited financial report (in English only);

(c) any notices relating to material changes to the Product which may have an impact on its investor such as material alterations or additions to the Prospectus or the Product's constitutive documents;

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

(e) the near real time indicative Net Asset Value per Unit throughout each dealing day in HKD;

(f) the last Net Asset Value of the Product in HKD, and last Net Asset Value per Unit in HKD

* *Please note that these fees may be increased up to a permitted maximum on giving 1 month's notice to Unitholders. Please refer to the section of the Prospectus entitled "Fees and Expenses" for further details of the fees and charges payable and the permitted maximum of such fees allowed as well as other ongoing expenses that may be borne by the Product.*

(updated on a daily basis);

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

(h) the past performance information of the Product;

(i) the full portfolio information of the Product (updated on a Daily basis);

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

(k) the composition of dividends for the Product (i.e. the relative amounts paid out of (i) net distribution income, and (ii) capital), if any, for a rolling 12-month period; and

(l) the latest list of the participating dealers and market makers.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

PRODUCT KEY FACTS

Samsung HSCEI Daily (2x) Leveraged Product

Issuer: Samsung Asset Management (Hong Kong) Limited

三星資產運用（香港）有限公司

17 December 2020

This is a leveraged product. It is different from conventional exchange traded funds as it seeks leveraged investment results relative to the Index and only on a Daily basis.

This product is not intended for holding longer than one day as the performance of this product over a longer period may deviate from and be uncorrelated to the leveraged performance of the Index over the period.

This product is designed to be used for short term trading or hedging purposes, and is not intended for long term investment.

This product only targets sophisticated trading-oriented investors who understand the potential consequences of seeking Daily leveraged results and the associated risks and constantly monitor the performance of their holdings on a Daily basis.

This is a product traded on the exchange.

This statement provides you with key information about this product.

This statement is a part of the Prospectus.

You should not invest in this product based on this statement alone.

Quick facts

Stock code:	07228
Trading lot size:	200 Units
Manager:	Samsung Asset Management (Hong Kong) Limited 三星資產運用（香港）有限公司
Trustee and Registrar:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year# (annual average daily ongoing charges##):	2.15% (0.0088%)
Actual annual average daily tracking difference###:	0.01%
Underlying Index:	Hang Seng China Enterprises Index (HSCEI)
Trading currency:	Hong Kong dollars (HKD)
Base currency:	HKD

Distribution policy:	Annually (usually in March of each year) (if any) in HKD subject to the Manager's discretion. Distributions may be paid out of capital or effectively out of capital.
Financial year end of this product:	31 March
Product website:	www.samsungfund.com.hk/en/products/07228 (this website has not been reviewed by the SFC)

What is this product?

Samsung HSCEI Daily (2x) Leveraged Product (the "**Product**") is a sub-fund of Samsung Leveraged and Inverse Investment Product Series, an umbrella unit trust established under Hong Kong law. Units of the Product ("**Units**") are listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**"). These Units are traded on the SEHK like listed stocks. It is a futures-based product which invests directly in futures contracts on the Index traded on the Hong Kong Futures Exchange Limited (the "**HKFE**") ("**HSCEI Futures Contracts**") so as to give the Product twice (2x) the Daily performance of the Index.

Objective and Investment Strategy

Objective

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

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

Strategy

In seeking to achieve the Product's investment objective, the Manager adopts a futures-based replication investment strategy through investing directly in the spot month HSCEI Futures Contracts, subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering into the spot month HSCEI Futures Contracts, the Manager anticipates that no more than 20% of the net asset value of the Product (the "**Net Asset Value**") from time to time will be used as margin to acquire HSCEI Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange during extreme market turbulence), the margin requirement may increase substantially.

Not less than 70% of the Net Asset Value of the Product (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and SFC authorised money market funds in accordance with the requirements of the Code. In addition, the Product may invest up to 10% of its Net Asset Value in exchange traded fund(s) authorised by the SFC and listed in Hong Kong, the investment objective of which is/are to track the performance of the Index and which is/are not managed by the Manager ("**HSCEI ETFs**"). Investments in exchange traded funds by the Product are considered and

\# The ongoing charges figure is an annualized figure based on expenses during the period from 1 April 2020 to 7 December 2020. It represents the ongoing expenses chargeable to the Product as a percentage of the average Net Asset Value of the Product over the same period, annualized to give an ongoing charges figure over a year. The figure may vary from year to year.

\## The annual average daily ongoing charges figure is equal to the ongoing charges figure divided by the number of dealing days for a year. The figure may vary from year to year.

\### This is the actual average daily tracking difference of the most recent calendar year. Investors should refer to the Product's website for information on the actual daily tracking difference and an updated actual average daily tracking difference.

treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of the Code.

Daily rebalancing

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

Futures roll

The Manager will use its discretion to carry out the roll-over of the spot month HSCEI Futures Contracts into the next month HSCEI Futures Contracts with the goal that, by one Business Day before the last trading day of the spot month HSCEI Futures Contracts, all roll over activities would have occurred.

Index

The Index measures the performance of the largest and most liquid H-Shares, Red-chips and P-chips listed in Hong Kong. The Index adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on individual constituent weightings. The Index is a price return index. A price return index calculates the performance of the index constituents without adjustments for cash dividends or warrant bonuses.

As at 31 March 2020, it comprised 50 constituent stocks with total market capitalisation of approximately HKD12,049,489 million. The Index was launched on 8 August 1994 with a base level of 2,000 on 3 January 2000. The Index is denominated in HKD and compiled and managed by Hang Seng Indexes Company Limited (the "**Index Provider**"). The Manager (and each of its connected persons) is independent of the Index Provider.

You can obtain the list of the constituents of the Index, their respective weightings and additional information of the Index from the following website www.hsi.com.hk (this website has not been reviewed by the SFC).

Index information

Bloomberg code: HSCEI
Reuters code: .HSCE

Use of derivatives

The Product's net derivative exposure may be more than 100% of the Product's Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including as to the risk factors.

1. Investment risk

- The Product is a derivative product and is not suitable for all investors. There is no guarantee of the repayment of principal. Therefore your investment in the Product may suffer substantial/total losses.

2. Long term holding risks

- **The Product is not intended for holding longer than one day** as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the leveraged performance of the Index over that same period (e.g. the loss may be more than twice the fall in the Index).
- The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. With higher Index volatility, the deviation of the Product's performance from the leveraged performance of the Index will increase, and the performance of the Product

will generally be adversely affected.

- As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance increases or is flat.

3. Leverage risk

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

4. Rebalancing activities risk

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

5. Liquidity risk

- The rebalancing activities of the Product will typically take place near the end of a Business Day at or around the close of trading of the underlying markets to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

6. Volatility risk

- Prices of the Product may be more volatile than conventional ETFs because of using leverage and the Daily rebalancing activities.

7. Intraday investment risk

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

8. Portfolio turnover risk

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

9. Futures contracts risks

- The Product is a futures based product. Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. The leverage component of futures contracts can result in a loss significantly greater than the amount invested in the futures contracts by the Product. Exposures to futures contracts may lead to a high risk of significant loss by the Product.
- A "roll" occurs when an existing futures contract is about to expire and is replaced with a futures contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward (due to the higher price of the futures contract with a later expiration date) as the futures contracts approach expiry.
- There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the Product from achieving its investment objective.

10. Concentration and PRC market risk

- The Product is subject to concentration risk as a result of tracking the leveraged performance of a single geographical region or country (the PRC including Hong Kong). The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments.
- The Index constituents are companies listed on the SEHK and primarily traded in Hong Kong, and have substantial business exposure to the PRC, an emerging market. Investments of the Product may involve increased risks and special considerations not typically associated with investment in

more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

11. Holding of HSCEI Futures Contracts restriction in number risk

- The current restriction in the Securities and Futures (Contracts Limits and Reportable Position) Rules (the "**Rules**") limits the holding of HSCEI Futures Contracts by a fund or product. As such, the positions held or controlled by the Product are subject to the prescribed position limit and may not exceed the relevant maximum under the Rules. If the Net Asset Value of the Product grows significantly, the restrictions under the Rules may prevent creations of Units due to the inability of the Product to acquire further HSCEI Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The investment exposure could also deviate from the target exposure which increases tracking error risk for the Product.
- The positions of futures contracts or stock options contracts held or controlled by the Manager, including positions held for the Manager's own account or for the funds under its management (such as the Product) but controlled by the Manager, may not in aggregate exceed the relevant maximum under the Rules. Accordingly, if the position held or controlled by the Manager reaches the relevant position limit, the restrictions under the Rules may prevent creations of Units due to the inability under the Rules of the Product to acquire further HSCEI Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit and increase the tracking error for the Product.

12. Distributions risk

- Where distributions are distributed out of capital or effectively out of capital, this amounts to a return or withdrawal of an investor's original investment or from any capital gains attributable to that original investment and may result in an immediate reduction in the Net Asset Value per Unit.

13. Passive investments risks

- The Product is not "actively managed" and therefore the Manager will not adopt any temporary defensive position when the Index moves in an unfavourable direction. In such circumstances the Product will also decrease in value.

14. Trading risks

- 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 Net Asset Value.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

15. Trading differences risk

- The HKFE and the SEHK have different trading hours. As the HKFE may be open when Units in the Product are not priced, the value of the HSCEI Futures Contracts in the Product's portfolio may change at times when investors will not be able to purchase or sell the Product's Units. Difference in trading hours between the HKFE and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.
- Trading of the Index constituents closes earlier than trading of HSCEI Futures Contracts, and so there may continue to be price movements for HSCEI Futures Contracts when Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and HSCEI Futures Contracts, which may prevent the Product from achieving its investment objective.

16. Reliance on market maker risks

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the Units and gives not less than 3 months' notice prior to termination of the market making arrangement, liquidity in the market for the Units may be adversely affected if there is only one market maker for the Units. There is no guarantee that any market making activity will be effective.

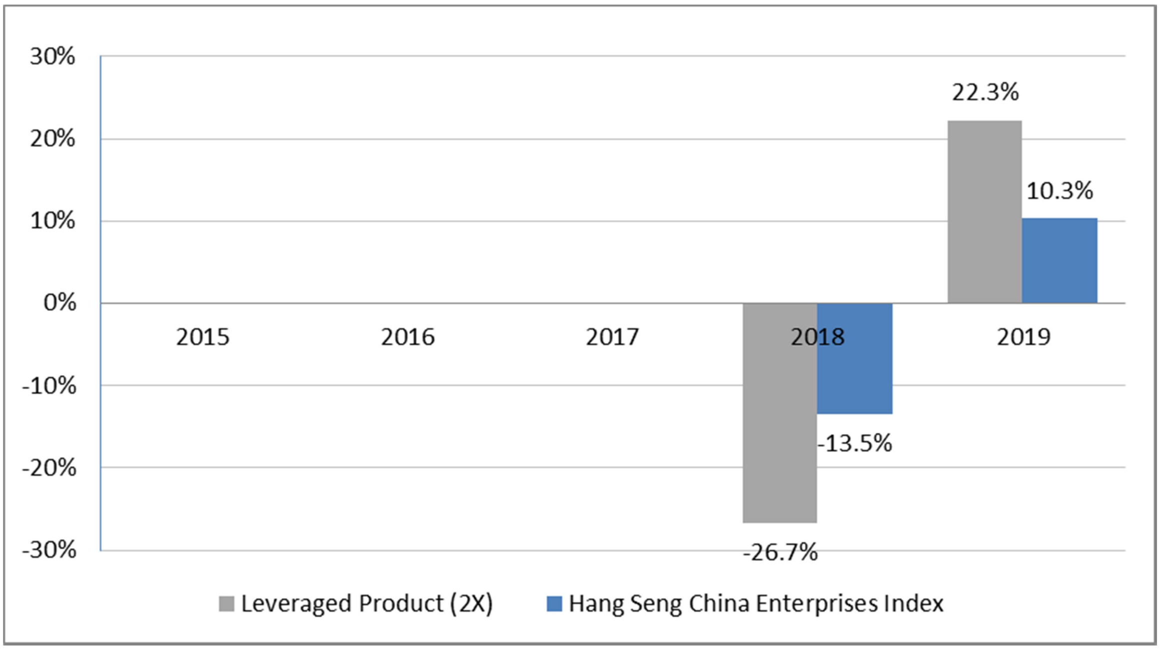
17. Tracking error and correlation risks

- Fees and expenses of the Product, high portfolio turnover, liquidity of the market and the investment strategy to be adopted by the Manager may result in tracking error and may reduce the correlation between the performance of the Product and the two times (2x) Daily leveraged performance of the Index. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the Daily leveraged performance of the Index.

18. Termination risk

- The Product may be terminated early under certain circumstances, for example, where there is no market maker, the Index is no longer available for benchmarking or if the size of the Product falls below HKD40 million. Any distribution received by a Unitholder on termination of the Product may be less than the capital initially invested by the Unitholder, resulting in a loss to the Unitholder.

How has the product performed?



- Past performance information of the Product is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of performance of the Product is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- The graph shows how much the Product and the underlying index increased or decreased in value during the calendar year being shown.
- Performance of the Product has been calculated in HKD taking into account ongoing charges and excluding your trading costs on SEHK.
- The Product seeks to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of the Product may not correspond to two times the return of the underlying index over a one-year period or any period beyond one day. Investors should refer to the Prospectus for more information about the differences between the performance of the Product and two times the return of the underlying index over a period longer than one day.

- Where no past performance is shown there was insufficient data available in that year to provide performance.
- Fund launch date: 14 March 2017

Is there any guarantee?

The Product does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges incurred when trading the Product on the SEHK

Fees	What you pay
Brokerage fee	Market rates
Transaction levy	0.0027%[1] of the trading price
SEHK trading fee	0.005%[2] of the trading price
Stamp duty	Nil

[1] *Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.*
[2] *Trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.*

Ongoing fees payable by the Product

The following expenses will be paid out of the Product. They affect you because they reduce the Net Asset Value of the Product which may affect the trading price.

	Annual rate (as a % of Net Asset Value)
Management fee* The Product pays a management fee to the Manager.	0.65%
Trustee's fee*	0.08%, subject to a monthly minimum of HKD 11,500
Performance fee	Nil
Administration fee	Nil

Other fees

You may have to pay other fees when dealing in the Units of the Product.

Additional information

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

(a) the Prospectus and this statement (as revised from time to time);

(b) the latest annual financial report and interim unaudited financial report (in English only);

(c) any notices relating to material changes to the Product which may have an impact on its

* *Please note that these fees may be increased up to a permitted maximum on giving 1 month's notice to Unitholders. Please refer to the section of the Prospectus entitled "Fees and Expenses" for further details of the fees and charges payable and the permitted maximum of such fees allowed as well as other ongoing expenses that may be borne by the Product.*

investor such as material alterations or additions to the Prospectus or the Product's constitutive documents;

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

(e) the near real time indicative Net Asset Value per Unit throughout each dealing day in HKD;

(f) the last Net Asset Value of the Product in HKD, and last Net Asset Value per Unit in HKD (updated on a daily basis);

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

(h) the past performance information of the Product;

(i) the full portfolio information of the Product (updated on a Daily basis);

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

(k) the composition of dividends for the Product (i.e. the relative amounts paid out of (i) net distribution income, and (ii) capital), if any, for a rolling 12-month period; and

(l) the latest list of the participating dealers and market makers.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

PRODUCT KEY FACTS

Samsung HSCEI Daily (-1x) Inverse Product

Issuer: Samsung Asset Management (Hong Kong) Limited
三星資產運用（香港）有限公司

17 December 2020

This is an inverse product. It is different from conventional exchange traded funds as it seeks inverse investment results relative to the Index and only on a Daily basis.

This product is not intended for holding longer than one day as the performance of this product over a longer period may deviate from and be uncorrelated to the inverse performance of the Index over the period.

This product is designed to be used for short term trading or hedging purposes, and is not intended for long term investment.

This product only targets sophisticated trading-oriented investors who understand the potential consequences of seeking Daily inverse results and the associated risks and constantly monitor the performance of their holdings on a Daily basis.

This is a product traded on the exchange.

This statement provides you with key information about this product.

This statement is a part of the Prospectus.

You should not invest in this product based on this statement alone.

Quick facts

Stock code:	07328
Trading lot size:	200 Units
Manager:	Samsung Asset Management (Hong Kong) Limited 三星資產運用（香港）有限公司
Trustee and Registrar:	HSBC Institutional Trust Services (Asia) Limited
Ongoing charges over a year# (annual average daily ongoing charges##):	3.28% (0.0134%)
Actual annual average daily tracking difference###:	-0.01%
Underlying Index:	Hang Seng China Enterprises Index (HSCEI)
Trading currency:	Hong Kong dollars (HKD)
Base currency:	HKD

Distribution policy:	Annually (usually in March of each year) (if any) in HKD subject to the Manager's discretion. Distributions may be paid out of capital or effectively out of capital.
Financial year end of this product:	31 March
Product website:	www.samsungfund.com.hk/en/products/07328 (this website has not been reviewed by the SFC)

What is this product?

Samsung HSCEI Daily (-1x) Inverse Product (the "**Product**") is a sub-fund of Samsung Leveraged and Inverse Investment Product Series, an umbrella unit trust established under Hong Kong law. Units of the Product ("**Units**") are listed on The Stock Exchange of Hong Kong Limited (the "**SEHK**"). These Units are traded on the SEHK like listed stocks. It is a futures-based product which invests directly in futures contracts on the Index traded on the Hong Kong Futures Exchange Limited (the "**HKFE**") ("**HSCEI Futures Contracts**") so as to give the Product the inverse (-1x) Daily performance of the Index.

Objective and Investment Strategy

Objective

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

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

Strategy

In seeking to achieve the Product's investment objective, the Manager adopts a futures-based replication investment strategy through investing directly in the spot month HSCEI Futures Contracts, subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering into the spot month HSCEI Futures Contracts, the Manager anticipates that no more than 10% of the net asset value of the Product (the "**Net Asset Value**") from time to time will be used as margin to acquire HSCEI Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange during extreme market turbulence), the margin requirement may increase substantially.

Not less than 90% of the Net Asset Value of the Product (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and SFC authorised money market funds in accordance with the requirements of the Code.

Daily rebalancing

On each day when the HKFE and the SEHK are open for trading (i.e. a Business Day), the Product will seek to rebalance its portfolio at or around the close of trading of the underlying futures market, by

[#] The ongoing charges figure is an annualized figure based on expenses during the period from 1 April 2020 to 7 December 2020. It represents the ongoing expenses chargeable to the Product as a percentage of the average Net Asset Value of the Product over the same period, annualized to give an ongoing charges figure over a year. The figure may vary from year to year.

[##] The annual average daily ongoing charges figure is equal to the ongoing charges figure divided by the number of dealing days for a year. The figure may vary from year to year.

[###] This is the actual average daily tracking difference of the most recent calendar year. Investors should refer to the Product's website for information on the actual daily tracking difference and an updated actual average daily tracking difference.

decreasing exposure in response to the Index's Daily gains or increasing exposure in response to the Index's Daily losses, so that its Daily inverse exposure ratio to the Index is consistent with the Product's investment objective.

Futures roll

The Manager will use its discretion to carry out the roll-over of the spot month HSCEI Futures Contracts into the next month HSCEI Futures Contracts with the goal that, by one Business Day before the last trading day of the spot month HSCEI Futures Contracts, all roll over activities would have occurred.

Index

The Index measures the performance of the largest and most liquid H-Shares, Red-chips and P-chips listed in Hong Kong. The Index adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on individual constituent weightings. The Index is a price return index. A price return index calculates the performance of the index constituents without adjustments for cash dividends or warrant bonuses.

As at 31 March 2020, it comprised 50 constituent stocks with total market capitalisation of approximately HKD12,049,489million. The Index was launched on 8 August 1994 with a base level of 2,000 on 3 January 2000.The Index is denominated in HKD and compiled and managed by Hang Seng Indexes Company Limited (the "**Index Provider**"). The Manager (and each of its connected persons) is independent of the Index Provider.

You can obtain the list of the constituents of the Index, their respective weightings and additional information of the Index from the following website www.hsi.com.hk (this website has not been reviewed by the SFC).

Index information

Bloomberg code: HSCEI
Reuters code: .HSCE

Use of derivatives

The Product's net derivative exposure may be more than 50% but up to 100% of the Product's Net Asset Value.

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including as to the risk factors.

1. Investment risk

- The Product is a derivative product and is not suitable for all investors. There is no guarantee of the repayment of principal. Therefore your investment in the Product may suffer substantial/total losses.

2. Inverse performance risk

- The Product tracks the inverse Daily performance of the Index. Should the value of the underlying securities of the Index increase, it could have a negative effect on the performance of the Product. Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments.

3. Long term holding risks

- **The Product is not intended for holding longer than one day** as the performance of the Product over a period longer than one day will very likely differ in amount and possibly direction from the inverse performance of the Index over that same period (e.g. the loss may be more than -1 times the increase in the Index).
- The effect of compounding becomes more pronounced on the Product's performance as the Index experiences volatility. With higher Index volatility, the deviation of the Product's performance

from the inverse performance of the Index will increase, and the performance of the Product will generally be adversely affected.

- As a result of Daily rebalancing, the Index's volatility and the effects of compounding of each day's return over time, it is even possible that the Product will lose money over time while the Index's performance falls or is flat.

4. Inverse Product vs. short selling risk

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

5. Unconventional return pattern risk

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

6. Rebalancing activities risk

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

7. Liquidity risk

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

8. Volatility risk

- Prices of the Product may be more volatile than conventional ETFs because of the Daily rebalancing activities.

9. Intraday investment risk

- The Product will normally be rebalanced near the end of a Business Day at or around the close of trading of the underlying futures market. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

10. Portfolio turnover risk

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

11. Futures contracts risks

- The Product is a futures based product. Investment in futures contracts involves specific risks such as high volatility, leverage, rollover and margin risks. The leverage component of futures contracts can result in a loss significantly greater than the amount invested in the futures contracts by the Product. Exposures to futures contracts may lead to a high risk of significant loss by the Product.
- A "roll" occurs when an existing futures contract is about to expire and is replaced with a futures contract representing the same underlying but with a later expiration date. The value of the Product's portfolio (and so the Net Asset Value per Unit) may be adversely affected by the cost of rolling positions forward as the futures contracts approach expiry.
- There may be imperfect correlation between the value of the underlying reference assets and the futures contracts, which may prevent the Product from achieving its investment objective.

12. Concentration and PRC market risk

- The Product is subject to concentration risk as a result of tracking the inverse performance of a single geographical region or country (the PRC including Hong Kong). The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments.

- The Index constituents are companies listed on the SEHK and primarily traded in Hong Kong, and have substantial business exposure to the PRC, an emerging market. Investments of the Product may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

13. Holding of HSCEI Futures Contracts restriction in number risk

- The current restriction in the Securities and Futures (Contracts Limits and Reportable Position) Rules (the "**Rules**") limits the holding of HSCEI Futures Contracts by a fund or product. As such, the positions held or controlled by the Product are subject to the prescribed position limit and may not exceed the relevant maximum under the Rules. If the Net Asset Value of the Product grows significantly, the restrictions under the Rules may prevent creations of Units due to the inability of the Product to acquire further HSCEI Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit. The investment exposure could also deviate from the target exposure which increases tracking error risk for the Product.
- The positions of futures contracts or stock options contracts held or controlled by the Manager, including positions held for the Manager's own account or for the funds under its management (such as the Product) but controlled by the Manager, may not in aggregate exceed the relevant maximum under the Rules. Accordingly, if the position held or controlled by the Manager reaches the relevant position limit, the restrictions under the Rules may prevent creations of Units due to the inability under the Rules of the Product to acquire further HSCEI Futures Contracts. This may cause a divergence between the trading price of a Unit on the SEHK and the Net Asset Value per Unit and increase the tracking error for the Product.

14. Distributions risk

- Where distributions are distributed out of capital or effectively out of capital, this amounts to a return or withdrawal of an investor's original investment or from any capital gains attributable to that original investment and may result in an immediate reduction in the Net Asset Value per Unit.

15. Passive investments risks

- The Product is not "actively managed" and therefore the Manager will not adopt any temporary defensive position when the Index moves in an unfavourable direction. In such circumstances the Product will also decrease in value.

16. Trading risks

- 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 Net Asset Value.
- As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK.

17. Trading differences risk

- The HKFE and the SEHK have different trading hours. As the HKFE may be open when Units in the Product are not priced, the value of the HSCEI Futures Contracts in the Product's portfolio may change at times when investors will not be able to purchase or sell the Product's Units. Difference in trading hours between the HKFE and the SEHK may increase the level of premium/discount of the Unit price to its Net Asset Value.
- Trading of the Index constituents closes earlier than trading of HSCEI Futures Contracts, and so there may continue to be price movements for HSCEI Futures Contracts when Index constituents are not trading. There may be imperfect correlation between the value of the Index constituents and HSCEI Futures Contracts, which may prevent the Product from achieving its investment

objective.

18. Reliance on market maker risks

- Although the Manager will use its best endeavours to put in place arrangements so that at least one market maker will maintain a market for the Units and gives not less than 3 months' notice prior to termination of the market making arrangement, liquidity in the market for the Units may be adversely affected if there is only one market maker for the Units. There is no guarantee that any market making activity will be effective.

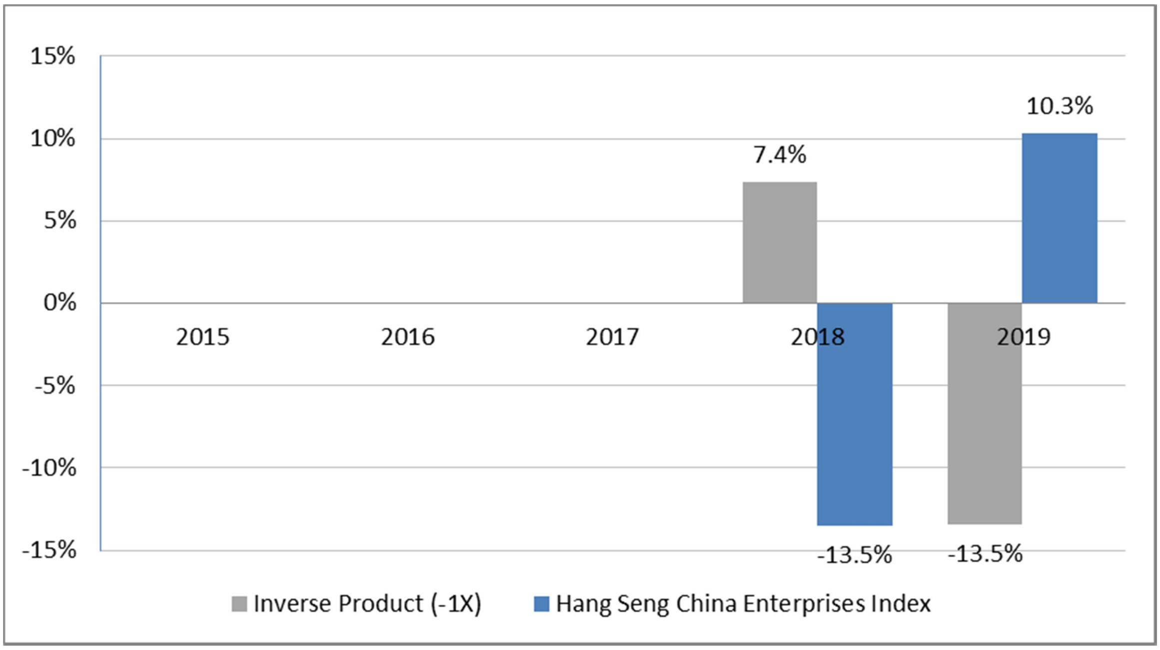
19. Tracking error and correlation risks

- Fees and expenses of the Product, high portfolio turnover, liquidity of the market and the investment strategy to be adopted by the Manager may result in tracking error and may reduce the correlation between the performance of the Product and the Daily inverse performance of the Index. The Manager will monitor and seek to manage such risk in minimising tracking error. There can be no assurance of exact or identical replication at any time of the Daily inverse performance of the Index.

20. Termination risk

- The Product may be terminated early under certain circumstances, for example, where there is no market maker, the Index is no longer available for benchmarking or if the size of the Product falls below HKD40 million. Any distribution received by a Unitholder on termination of the Product may be less than the capital initially invested by the Unitholder, resulting in a loss to the Unitholder.

How has the product performed?



- Past performance information of the Product is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of performance of the Product is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- The graph shows how much the Product and the underlying index increased or decreased in value during the calendar year being shown.
- Performance of the Product has been calculated in HKD taking into account ongoing charges and excluding your trading costs on SEHK.
- The Product seeks to achieve its stated investment objective in one day and rebalances at the end of the day. That is, the performance of the Product may not correspond to the opposite return of the underlying index over a one-year period or any period beyond one day. Investors should refer to the

Prospectus for more information about the differences between the performance of the Product and the opposite return of the underlying index over a period longer than one day.

- Where no past performance is shown, there was insufficient data available in that year to provide performance.
- Fund launch date: 14 March 2017

Is there any guarantee?

The Product does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges incurred when trading the Product on the SEHK

Fees	What you pay
Brokerage fee	Market rates
Transaction levy	0.0027%[1] of the trading price
SEHK trading fee	0.005%[2] of the trading price
Stamp duty	Nil

[1] *Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.*
[2] *Trading fee of 0.005% of the trading price of the Units, payable by each of the buyer and the seller.*

Ongoing fees payable by the Product

The following expenses will be paid out of the Product. They affect you because they reduce the Net Asset Value of the Product which may affect the trading price.

	Annual rate (as a % of Net Asset Value)
Management fee* The Product pays a management fee to the Manager.	0.65%
Trustee's fee*	0.08%, subject to a monthly minimum of HKD 11,500
Performance fee	Nil
Administration fee	Nil

Other fees

You may have to pay other fees when dealing in the Units of the Product.

Additional information

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

(a) the Prospectus and this statement (as revised from time to time);

(b) the latest annual financial report and interim unaudited financial report (in English only);

(c) any notices relating to material changes to the Product which may have an impact on its

* *Please note that these fees may be increased up to a permitted maximum on giving 1 month's notice to Unitholders. Please refer to the section of the Prospectus entitled "Fees and Expenses" for further details of the fees and charges payable and the permitted maximum of such fees allowed as well as other ongoing expenses that may be borne by the Product.*

investor such as material alterations or additions to the Prospectus or the Product's constitutive documents;

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

(e) the near real time indicative Net Asset Value per Unit throughout each dealing day in HKD;

(f) the last Net Asset Value of the Product in HKD, and last Net Asset Value per Unit in HKD (updated on a daily basis);

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

(h) the past performance information of the Product;

(i) the full portfolio information of the Product (updated on a Daily basis);

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

(k) the composition of dividends for the Product (i.e. the relative amounts paid out of (i) net distribution income, and (ii) capital), if any, for a rolling 12-month period; and

(l) the latest list of the participating dealers and market makers.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

IMPORTANT: Investments involve risks, including the total loss of your investment. Investors are advised to consider their own investment objectives and circumstances in determining the suitability of an investment in the Samsung HSI Daily (2x) Leveraged Product, Samsung HSI Daily (-1x) Inverse Product, Samsung HSCEI Daily (2x) Leveraged Product and Samsung HSCEI Daily (-1x) Inverse Product (each a "Product", collectively the "Products").

Samsung HSI Daily (2x) Leveraged Product and Samsung HSCEI Daily (2x) Leveraged Product track the performance of a leveraged position on an index on a Daily basis. Samsung HSI Daily (-1x) Inverse Product and Samsung HSCEI Daily (-1x) Inverse Product track the performance of a short position on an index on a Daily basis.

The Products only target sophisticated trading-oriented investors who constantly monitor the performance of their holding on a daily basis, and are in a financial position to assume the risks in futures investments. They are high risk products designed to be used as short term trading tools for market timing or hedging purposes and are not appropriate for long term (longer than rebalancing interval - one day) investment. The performance of the Products, when held overnight, may deviate from the underlying indices.

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

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

If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser for independent professional financial advice.

Samsung Leveraged and Inverse Investment Product Series

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

Samsung HSI Daily (2x) Leveraged Product

Stock Code: 07205

Samsung HSI Daily (-1x) Inverse Product

Stock Code: 07312

Samsung HSCEI Daily (2x) Leveraged Product

Stock Code: 07228

Samsung HSCEI Daily (-1x) Inverse Product

Stock Code: 07328

PROSPECTUS

Manager

Samsung Asset Management (Hong Kong) Limited
三星資產運用(香港)有限公司

Investment Adviser

Samsung Asset Management Co., Limited

Listing Agent

Altus Capital Limited

29 April 2019

Hong Kong Exchanges and Clearing Limited ("HKEx"), The Stock Exchange of Hong Kong Limited (the "SEHK"), Hong Kong Securities Clearing Company Limited ("HKSCC") and the Hong Kong Securities and Futures Commission (the "SFC") take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The Trust and the Products have each been authorised as collective investment schemes by the SFC. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the "Units") in the Samsung Leveraged and Inverse Investment Product Series (the "Trust"). The Trust is an umbrella unit trust established under Hong Kong law by a trust deed dated 27 May 2016, as amended from time to time (the "Trust Deed") between Samsung Asset Management (Hong Kong) Limited 三星資產運用（香港）有限公司 (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust has a number of sub-funds (the "Products" or individually a "Product") which are products traded on the exchange.

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

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and the Product Key Facts Statement of each Product and confirms having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus or any Product Key Facts Statement misleading. The Manager also confirms that this Prospectus includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Code on Unit Trusts and Mutual Funds (the "Code") and the "Overarching Principles" of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Units. The Trustee is not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus, except for the information regarding the Trustee itself under the paragraph headed "The Trustee and Registrar" in the section on "Management of the Trust".

Each Product is a collective investment scheme falling within Chapters 8.6 and 8.8 of the Code. Certain Products may also be subject to additional Chapters of the Code. The Trust and each Product are authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust, the Products or for the correctness of any statements made or opinions expressed in this Prospectus. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

You should consult your financial adviser or your tax advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable you to acquire Units as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable and to determine whether any investment in a Product is appropriate for you.

Dealings in the Units of Samsung HSI Daily (2x) Leveraged Product, Samsung HSI Daily (-1x) Inverse Product, Samsung HSCEI Daily (2x) Leveraged Product and Samsung HSCEI Daily (-1x) Inverse Product on The Stock Exchange of Hong Kong Limited (the "SEHK") have already commenced. The Units of Samsung HSI Daily (2x) Leveraged Product, Samsung HSI Daily (-1x) Inverse Product, Samsung HSCEI Daily (2x) Leveraged Product and Samsung HSCEI Daily (-1x) Inverse Product have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearance and settlement in the Central Clearing and Settlement System ("CCASS"). Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, this Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "US Securities Act") or any other United States Federal or State law and, except in a transaction which does not violate the US Securities Act, may not be directly or indirectly offered to or sold in the United States of America or any of its territories or for the benefit of a US Person (as defined in Regulation S of the US Securities Act). The Trust and the Products have not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended. Units may not be acquired or owned by (i) an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Title I of ERISA, (ii) a plan, as defined in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), that is subject to Section 4975 of the Internal Revenue Code, (iii) a plan that is subject to any other law, regulation, rule or restriction that is substantially similar to ERISA or Section 4975 of the Internal Revenue Code ("Similar Law") or (iv) an entity whose assets are deemed to include the assets of such an employee benefit plan or plan for purposes of ERISA, Section 4975 of the Internal Revenue Code or Similar Law, unless the purchase, holding and disposition of units will not constitute a violation under ERISA, Section 4975 of the Internal Revenue Code and any applicable Similar Law.

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

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

Questions and Complaints

Investors may raise any questions on or make any complaints about the Trust (including the Products) by contacting the Manager at its address as set out in the Directory of this Prospectus or calling the Manager on +852 2115 8710 during normal office hours.

DIRECTORY

Manager
Samsung Asset Management (Hong Kong) Limited
三星資產運用（香港）有限公司
4513-14, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Investment Adviser
Samsung Asset Management Co., Limited
55 Sejong-daero
Jung-gu
Seoul 100-715
Korea

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

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

*Participating Dealers**
Please refer to the relevant Appendix of each Product

*Market Makers**
Please refer to the relevant Appendix of each Product

Auditors
Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

Legal Counsel to the Manager
Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

Service Agent
HK Conversion Agency Services Limited
8th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for each of the Products.*

CONTENTS

PART 1 – GENERAL INFORMATION RELATING TO THE TRUST AND PRODUCTS

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

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

DEFINITIONS

In this Prospectus (including the relevant Appendix for any Product), unless the context requires otherwise, the following expressions have the meanings set out below. Other capitalised terms used, but not defined, have the meaning given to those terms in the Trust Deed.

"After Listing" means, in respect of each Product, the period which commences on the Listing Date and continues until the Product is terminated.

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

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

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

"Business Day" in respect of a Product, means, unless the Manager and the Trustee otherwise agree, a day on which (a)(i) the SEHK is open for normal trading; and (ii) the relevant market on which Index Securities and/or Index Futures Contracts, as the case may be, are traded is open for normal trading, or (iii) if there is more than one such market, the market designated by the Manager is open for normal trading, and (b) the Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant market is open for normal trading is reduced as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree.

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

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

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

"Code" means the Code on Unit Trusts and Mutual Funds issued by the SFC (as amended or replaced from time to time).

"Connected Person" has the meaning as set out in the Code which at the date of this Prospectus means in relation to a company:

(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or

(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or

(c) any member of the group of which that company forms part; or

(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

"Creation Application" means an application by a Participating Dealer for the creation and issue of Units in an Application Unit size in accordance with the Operating Guidelines and the Trust Deed.

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

"Dealing Day" means, in relation to a Product, each Business Day during the continuance of the relevant Product, and/or such other day or days as the Manager may from time to time determine with the written approval of the Trustee.

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

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

(a) a Creation Application to deliver the requisite cash amount; or

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

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

"Duties and Charges" means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities and/or Futures Contracts (as the case may be), or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager or the Trustee to be made for the purpose of compensating or reimbursing the Trust for the difference between (a) the prices used when valuing the Securities and/or Futures Contracts (as the case may be) in the Trust Fund for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities and/or Futures Contracts (as the case may be) if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities and/or Futures Contracts (as the case may be) if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust Fund upon such redemption of Units.

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

"Entities within the Same Group" means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards.

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

"FDIs" means financial derivative instruments.

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

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

"Government and other Public Securities" has the meaning as set out in the Code.

"HKD" means Hong Kong dollars, the lawful currency of Hong Kong.

"HKEx" means Hong Kong Exchanges and Clearing Limited or its successors.

"HKSCC" means the Hong Kong Securities Clearing Company Limited or its successors.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"H-Shares" means shares in Mainland incorporated enterprises which are listed on the SEHK and primarily traded in Hong Kong.

"IFRS" means International Financial Reporting Standards.

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

"Index" means, in respect of a Product, the index or benchmark, if any, against which a Product may be benchmarked or may otherwise be referenced as set out in the relevant Appendix.

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

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

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

"Insolvency Event" occurs in relation to a person where (i) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person; (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person's assets or the person becomes subject to an administration order; (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts; (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business; or (v) the Manager in good faith believes that any of the above is likely to occur.

“Investment Adviser” means, in respect of each Product, unless otherwise stated in the relevant Appendix, Samsung Asset Management Co., Limited.

“IRD” means the Inland Revenue Department of Hong Kong.

“Issue Price” means the price at which Units may be issued, determined in accordance with the Trust Deed.

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

“Manager” means Samsung Asset Management (Hong Kong) Limited 三星資產運用(香港)有限公司 or such other person or persons for the time being duly appointed pursuant to the Trust Deed as manager of the Trust in succession thereto being approved by the SFC under the Code.

“Market” means in any part of the world:

(a) in relation to any Security, the SEHK or such other stock exchange from time to time determined by the Manager;

(b) in relation to any Futures Contract, any Futures Exchange,

and any over-the-counter transaction conducted in any part of the world and in relation to any Security or Futures Contract shall be deemed to include any bilateral agreement with a responsible firm, corporation or association in any country in any part of the world dealing in the Security or Futures Contract which the Manager may from time to time elect.

“Market Maker” means a broker or dealer permitted by the SEHK to act as such by making a market for the Units in the secondary market on the SEHK.

“Money Market Instrument” refers to Securities normally dealt in on the money markets, for example, government bills, certificates of deposit, commercial papers, short-term notes and bankers’ acceptance etc., and subject to the applicable provisions of the Code, may include asset-backed securities such as asset-backed commercial papers.

“Net Asset Value” means the net asset value of a Product or, as the context may require, the net asset value of a Unit calculated under the Trust Deed.

“Operating Guidelines” means, in respect of a Product, the guidelines for the creation and redemption of Units as set out in the schedule to each Participation Agreement as amended from time to time by the Manager with the approval of the Trustee and following consultation, to the extent reasonably practicable, with the relevant Participating Dealers , including without limitation, the procedures for creation and redemption of Units subject always, in respect of the relevant Operating Guidelines for a Participating Dealer, any amendment being notified in writing by the Manager in advance to the Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the Product(s) applicable at the time of the relevant Application.

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

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

Dealer" shall include a reference to any agent or delegate so appointed by the Participating Dealer.

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

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

"P-chips" means 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 China but are not H-Shares or Red-chips.

"Recognised Futures Exchange" means an international futures exchange which is recognised by the SFC or which is approved by the Manager.

"Recognised Stock Exchange" means an international stock exchange which is recognised by the SFC or which is approved by the Manager.

"Redemption Application" means an application by a Participating Dealer for the redemption of Units in Application Unit size in accordance with the Operating Guidelines and the Trust Deed.

"Redemption Value" means, in respect of a Unit, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

"Red-chips" means securities of companies that are incorporated outside of the PRC that are listed on the SEHK, having more than 50% of their sales revenue (or profits or assets, if more appropriate) derived from Mainland China and are directly or indirectly controlled by organisations or enterprises that are owned by the state, provinces or municipalities of the PRC.

"Registrar" means HSBC Institutional Trust Services (Asia) Limited or such other person as may from time to time be appointed as registrar in respect of each Product to keep the register of the Unitholders of the Product.

"Reverse Repurchase Transactions" means transactions whereby a Product purchases Securities from a counterparty of Sale and Repurchase Transactions and agrees to sell such Securities back at an agreed price in the future.

"Sale and Repurchase Transactions" means transactions whereby a Product sells its Securities to a counterparty of Reverse Repurchase Transactions and agrees to buy such Securities back at an agreed price with a financing cost in the future.

"Securities" means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products, treasury bills, instruments or notes of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, and whether listed or unlisted, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):

(a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any unit trust (as defined in the Trust Deed);

(b) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;

(c) any instrument commonly known or recognised as a security;

(d) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and

(e) any bill of exchange and any promissory note.

"Securities Lending Transactions" means transactions whereby a Product lends its Securities to a security-borrowing counterparty for an agreed fee.

"SEHK" means The Stock Exchange of Hong Kong Limited or its successors.

"Service Agent" means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to the Products.

"Service Agent's Fee" means the fee which may be charged for the benefit of the Service Agent to each Participating Dealer on each book-entry deposit or book-entry withdrawal transaction made by the relevant Participating Dealer, the maximum level of which shall be determined by the Service Agent and set out in this Prospectus.

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

"Settlement Day" means the Business Day which is 2 Business Days after the relevant Dealing Day (or such other Business Day as is permitted in relation to such Dealing Day (including the Dealing Day itself) pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers or as otherwise described in the relevant Appendix.

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

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

"Substantial Financial Institution" has the same meaning in the Code.

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

"Trust" means the umbrella unit trust constituted by the Trust Deed and called "Samsung Leveraged and Inverse Investment Product Series" or such other name as the Manager may from time to time determine, upon prior notice to the Trustee.

"Trust Deed" means the trust deed dated 27 May 2016 between the Manager and the Trustee constituting the Trust, as amended from time to time.

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

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

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

"Unitholder" means a person for the time being entered on the register of holders as the holder of

Units including, where the context so admits, persons jointly registered.

“US” or “United States” means the United States of America.

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

“Valuation Point” means, in respect of a Product, unless otherwise specified in the relevant Appendix of a Product, the official close of trading on the Market on which the Securities or Futures Contracts constituting the Index are listed on each Dealing Day or if more than one, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager in consultation with the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

“VWAP” means, in respect of a Futures Contract, the volume weighted average price.

INTRODUCTION

The Trust

The Trust is an umbrella unit trust created by the Trust Deed between the Manager and the Trustee made under Hong Kong law. The Trust and each Product is authorised as a collective investment scheme by the SFC under Section 104 of the SFO and each Product falls within Chapters 8.6 and 8.8 of the Code. Certain Products may also be subject to additional Chapters of the Code. SFC authorisation is not a recommendation or endorsement of a Product nor does it guarantee the commercial merits of a Product or its performance. It does not mean that a Product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Products

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

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

THE OFFERING PHASES

Initial Offer Period

During the Initial Offer Period, Participating Dealers (acting for themselves or for their clients) may apply for Units (to be available for trading on the Listing Date) by means of cash Creation Applications on each Dealing Day for themselves and/or their clients by transferring cash in accordance with the Operating Guidelines.

To be dealt with during the Initial Offer Period, the relevant Participating Dealer must submit the Creation Applications to the Manager (with a copy to the Trustee and the Registrar) on a Business Day no later than 3 Business Days prior to the Listing Date unless otherwise stated in the relevant Appendix.

If a Creation Application is received by the Trustee after 3 Business Days prior to the Listing Date, that Creation Application shall be carried forward and deemed to be received at the opening of business on the first Dealing Day commencing on the Listing Date, which shall be the Dealing Day for the purposes of that Creation Application.

Creation Applications must be made in Application Unit size, which is the number of Units specified in the relevant Appendix. Participating Dealers (acting for themselves or for their clients) can apply for Units on each Dealing Day at the Issue Price.

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

After Listing

The After Listing phase commences on the Listing Date and continues until the Product(s) is/are terminated.

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

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

(b) apply for cash creation and cash redemption of Units through Participating Dealers.

Buying and selling of Units on the SEHK

After Listing, all investors can buy and sell Units in Trading Board Lot Size (as described in the section "Key information" in the relevant Appendix) or whole multiples thereof like ordinary listed stocks through an intermediary such as a stockbroker or through any of the share dealing services offered by banks or other financial advisers at any time the SEHK is open.

However, please note that transactions in the secondary market on the SEHK will occur at market prices which may vary throughout the day and may differ from Net Asset Value per Unit due to market demand and supply, liquidity and scale of trading spread for the Units in the secondary market. As a result, the market price of the Units in the secondary market may be higher or lower than Net Asset Value per Unit.

Please refer to the section on "Exchange Listing and Trading (Secondary Market)" for further information in respect of buying and selling of Units on the SEHK.

Creations and redemptions through Participating Dealers

Units will continue to be created by cash creation and redeemed by cash redemption at the Issue Price and Redemption Value respectively through Participating Dealers in Application Unit size. The Application Unit size is as set out in the relevant Appendix. Settlement for creation and redemption for all Units is in HKD only.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Creation Applications or Redemption Applications to the Manager (with a copy to the Trustee and the Registrar) before the Dealing Deadline on the relevant Dealing Day. If a Creation Application or Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application or Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application or Redemption Application. Participating Dealers are under no obligation to create or redeem generally or for their clients and may charge their clients such fee or fees as such Participating Dealers determine.

Settlement in cash for subscribing Units is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day or for redeeming Units is due 2 Business Days (unless as otherwise stated in the relevant Appendix) after the Dealing Day, unless the Manager agrees with the relevant Participating Dealer to accept later settlement generally or in any particular case.

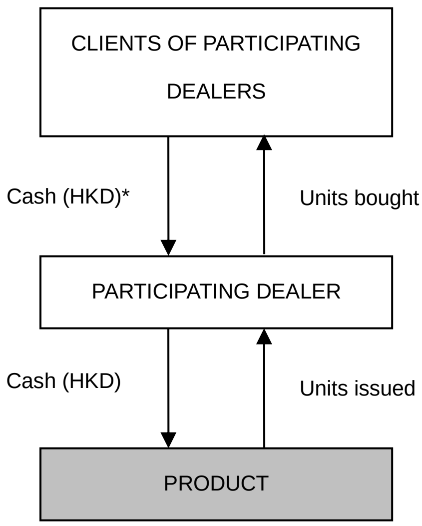
Please refer to the section on “Creations and Redemptions (Primary Market)” for the operational procedures in respect of Creation Applications and Redemption Applications.

After Listing, all Units will be registered in the name of HKSCC Nominees Limited on the register of the Trust. The register of the Trust is the evidence of ownership of Units. The beneficial interests in Units of any client of the Participating Dealers shall be established through such client’s account with the relevant Participating Dealer or with any other Participants if the client is buying from the secondary market.

Diagrammatic illustration of investment in a Product

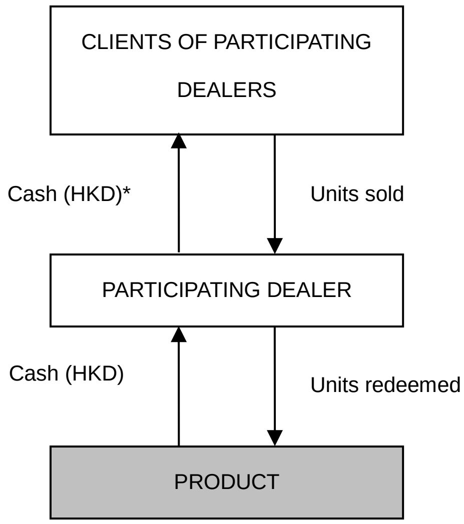
The diagrams below illustrate the creation or redemption and the buying or selling of Units:

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



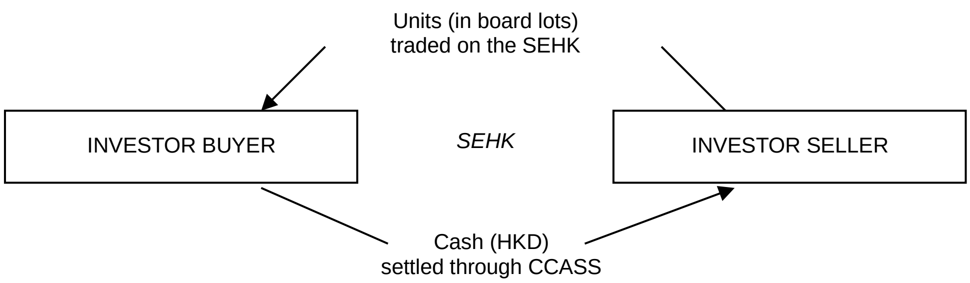
** Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.*

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



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

(c) Buying or selling of Units in the secondary market on the SEHK – After Listing



Summary of offering methods and related fees

Initial Offer Period

Method of Offering	**Minimum Number of Units (or multiple thereof)**	**Channel**	**Available to**	**Consideration, Fees and Charges***
Cash creation (in HKD)	Application Unit size (see relevant Appendix)	Through Participating Dealers only in HKD (or, if the relevant Participating Dealer agrees, in another currency)	Any person acceptable to the Participating Dealer as its client	Cash (payable HKD only, unless the Participating Dealer otherwise agrees) Transaction Fee (payable in HKD) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined

				by or agreed with it) Duties and Charges (payable in HKD)

After Listing

Method of Acquisition or Disposal of Units	**Minimum Number of Units (or multiple thereof)**	**Channel**	**Available to**	**Consideration, Fees and Charges***
Purchase and sale in cash through brokers on the SEHK (secondary market)	Board lot size (see relevant Appendix)	On the SEHK	Any investor	Market price of Units on SEHK (HKD) Brokerage fees and Duties and Charges
Cash creation and cash redemption	Application Unit size (see relevant Appendix)	Through Participating Dealers only in HKD (or, if the relevant Participating Dealer agrees, in another currency)	Any person acceptable to the Participating Dealer as its client	Cash (payable in HKD only, unless the Participating Dealer otherwise agrees) Transaction Fee (payable in HKD) Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Duties and Charges (payable in HKD)

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

INVESTMENT OBJECTIVE, INVESTMENT STRATEGY, INVESTMENT RESTRICTIONS, SECURITIES FINANCING TRANSACTION AND BORROWING

Investment objective

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

Investment strategy

In managing a Product, the Manager will use a futures-based replication strategy as described below. The particular strategy employed for each Product, if different, is set out in the relevant Appendix.

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

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

Change of investment strategy

The Manager will, if required, seek the prior approval of the SFC and provide at least one month's prior notice to Unitholders before adopting a strategy other than the investment strategy for a Product as stated in the relevant Appendix.

Investment restrictions

The Trustee will take reasonable care to ensure compliance with the investment and borrowing limitations set out in the constitutive documents and the conditions under which a Product was authorised.

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

(a) the aggregate value of a Product's investments in, or exposure to, any single entity (other than Government and other Public Securities) through the following may not exceed 10% of the Net Asset Value of such Product, save as permitted by Chapter 8.6(h) and as varied by Chapter 8.6(h)(a) of the Code:

    (1) investments in Securities issued by such entity;

    (2) exposure to such entity through underlying assets of FDIs; and

    (3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;

(b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of a Product's investments in, or exposure to, Entities within the Same Group through the following may not exceed 20% of the Net Asset Value of the Product:

    (1) investments in Securities issued by such entities;

(2) exposure to such entities through underlying assets of FDIs; and

(3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;

(c) unless otherwise approved by the SFC, the value of a Product's cash deposits made with the same entity or Entities within the Same Group may not exceed 20% of the Net Asset Value of the Product, unless:

(1) the cash is held before the launch of the Product and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested, or

(2) the cash is proceeds from liquidation of investments prior to the merger or termination of a Product, whereby the placing of cash deposits with various financial institutions may not be in the best interest of investors; or

(3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;

For the purpose of this paragraph (c), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by a Product and not referable to provision of property or services.

(d) ordinary shares issued by a single entity (other than Government and other Public Securities) held for the account of the Product, when aggregated with other holdings of ordinary shares issued by same entity held for the account of all other Products under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by the entity;

(e) not more than 15% of the Net Asset Value of the Product may be invested in Securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such Securities are regularly traded;

(f) notwithstanding (a), (b), (d) and (e) above, where direct investment by a Product in a market is not in the best interests of investors, a Product may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:

(1) the underlying investments of the subsidiary, together with the direct investments made by the Product, must in aggregate comply with the requirements of Chapter 7 of the Code;

(2) any increase in the overall fees and charges directly or indirectly borne by the Unitholders or the Product as a result must be clearly disclosed in the Prospectus; and

(3) the Product must produce the reports required by Chapter 5.10(b) of the Code in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Product;

(g) notwithstanding paragraphs (a), (b) and (d) above, not more than 30% of the Net Asset Value of a Product may be invested in Government and other Public Securities of the same issue, except for a Product which has been authorised by the SFC as an index fund, such limit may be exceeded with the approval of the SFC;

(h) subject to paragraph (g) above, the Product may fully invest in Government and other Public Securities in at least six different issues, and subject to the approval of the SFC, a Product which has been authorised by the SFC as an index fund may invest all of its assets in

Government and other Public Securities in any number of different issues;

(i) unless otherwise approved by the SFC, a Product may not invest in physical commodities;

(j) for the avoidance of doubt, exchange traded funds that are:

(1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or

(2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (i) listed Securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (ii) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in exchange traded funds shall be subject to paragraph (e) above and the relevant investment limits in exchange traded funds by a Product should be consistently applied and clearly disclosed in the Prospectus of a Product;

(k) where the Product invests in shares or units of other collective investment schemes ("underlying schemes"),

(1) the value of the Product's investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC may not in aggregate exceed 10% of the Net Asset Value of the Product; and

(2) the Product may invest in one or more underlying schemes which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Product's investment in units or shares in each such underlying scheme may not exceed 30% of the Net Asset Value of the Product, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the Prospectus of the Product,

provided that in respect of (1) and (2) above:

(i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, a Product may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total Net Asset Value, and exchange traded funds satisfying the requirements in paragraph (j) above in compliance with paragraphs (k)(1) and (k)(2) above;

(ii) where the underlying schemes are managed by the same management company as that of the Product that invests in them, or by other companies within the same group that the Manager belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the underlying scheme;

(iii) the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);

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

(4) the Manager or any person acting on behalf of the Product or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the manager of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;

(l) a Product may invest 90% or more of its total Net Assets Value in a single collective investment scheme and may be authorised as a feeder fund by the SFC. In this case;

(1) the underlying scheme ("master fund") must be authorised by the SFC;

(2) the relevant Appendix must state that:

(i) the Product is a feeder fund into the master fund;

(ii) for the purpose of complying with the investment restrictions, the Product and its master fund will be deemed a single entity;

(iii) the Product's annual report must include the investment portfolio of the master fund as at the financial year-end date; and

(iv) the aggregate amount of all the fees and charges of the Product and its underlying master fund must be clearly disclosed;

(3) unless otherwise approved by the SFC, no increase in the overall total of initial charges, redemption charges, Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by the Product may result, if the master fund in which the Product invests is managed by the same Manager or by its Connected Person; and

(4) notwithstanding paragraph (k)(iii) above, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraph (k); and

(m) if the name of a Product indicates a particular objective, investment strategy, geographic region or market, the Product should, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Product represents.

Breach of investment limits

If any of the investment restrictions applicable to a Product is breached, the Manager shall take as a priority objective all steps as are necessary within a reasonable period of time to remedy the situation, taking due account the interests of Unitholders of the relevant Product.

Investment prohibitions

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

(a) invest in a Security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued Securities of that class or the directors and officers of the Manager collectively own more than 5% of those Securities;

(b) invest in any type of real estate (including buildings) or interests in real estate, including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs) and in the case of investments in such shares and REITs, they shall comply with the investment restrictions and limitations set out in paragraphs (a), (b), (d), (e) and (k) under the section entitled "Investment Restrictions" above, where applicable;

(c) make short sales if as a result the Product would be required to deliver Securities exceeding 10% of the Net Asset Value of the Product (for this purpose Securities sold short must be actively traded on a market where short selling is permitted, and for the avoidance of doubt, a Product is prohibited to carry out any naked or uncovered short sale of Securities and short selling should be carried out in accordance with all applicable laws and regulations);

(d) subject to paragraph (e) under the section entitled "Investment Restrictions" above, lend or make a loan out of the assets of the Product except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;

(e) subject to paragraph (e) under the section entitled "Investment Restrictions" above, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for Reverse Repurchase Transactions in compliance with the Code;

(f) enter into any obligation on behalf of the Product or acquire any asset or engage in any transaction for the account of the Product which involves the assumption of any liability which is unlimited; or

(g) apply any part of the Product in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of the Product whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in FDIs or the purposes of Chapters 7.29 and 7.30 of the Code.

Note: The investment restrictions set out above apply to each Product, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single entity exceeding 10% of the collective investment scheme's total net asset value. Given the investment objective of each Product and nature of the relevant Index, a Product is allowed under Chapter 8.6(h) of the Code to hold investments in constituent Securities of any single entity exceeding 10% of the relevant Product's latest available Net Asset Value if such constituent Securities account for more than 10% of the weighting of the Index and the relevant Product's holding of any such constituent Securities does not exceed their respective weightings in the Index, except where the weightings are exceeded as a result of changes in the composition of the Index and the excess is only transitional and temporary in nature. However, the Manager may cause a Product to deviate from the Index weighting (in pursuing a representative sampling strategy) under Chapter 8.6(h)(a) of the Code on the conditions that (i) the representative sampling strategy must be clearly disclosed in this Prospectus, (ii) the excess of weightings of the constituent securities held by the Product over the weightings in the Index must be caused by the implementation of the representative sampling strategy and (iii) the maximum deviation from the index weighting of any constituent will not exceed the percentage as determined by the Manager after consultation with the SFC, as disclosed in the relevant Appendix. In determining this limit, the relevant Product must consider the characteristics of the underlying constituent securities, their weightings and the investment objectives of the index and any other suitable factors. The Manager shall report to the SFC on a timely basis if there is any non-compliance with this limit. The annual and interim financial statements of the relevant Product shall also disclose whether or not such limit has been complied with during such period and account for any non-compliance in those reports.

Securities Financing Transactions

There is no current intention for any Product to engage in Securities Lending Transaction, Sale and Repurchase Transaction, Reverse Repurchase Transaction or other similar over-the-counter transactions (collectively, "Securities Financing Transactions", but this may change in light of market circumstances and where a Product does engage in these types of transactions, prior approval shall be obtained from the SFC (if required) and no less than one month's prior notice will be given to the Unitholders.

Financial Derivative Instruments

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of a Product enter into any transactions in relation to swaps or other FDIs, for hedging or non-hedging (investment) purposes.

Hedging purposes

Where specified in the relevant Appendix, a Product may acquire FDIs for hedging purposes. FDIs are generally considered as being acquired for hedging purpose if they meet all of the following criteria:

(a) they are not aimed at generating any investment return;

(b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;

(c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

Hedging arrangement should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the Product to meet its hedging objective in stressed or extreme market conditions.

Non-hedging (investment) purposes

A Product may also acquire FDIs for non-hedging purposes ("investment purposes"), subject to the limit that the Product's net exposure relating to these FDIs ("net derivative exposure") does not exceed 50% of its total Net Asset Value, except this limit may be exceeded for Products approved by the SFC under Chapter 8.8 (structured funds) or 8.9 (funds that invest extensively in financial derivative instruments) of the Code. For the avoidance of doubt:

(a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by a Product for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions;

(b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time; and

(c) FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

Subject to Chapters 7.26 and 7.28 of the Code, a Product may invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the Product, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in the relevant provisions of Chapter 7 of the Code.

The FDIs invested by a Product shall be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:

(a) the underlying assets consist solely of shares in companies, debt Securities, Money Market Instruments, units/shares of collective investment schemes, deposits with Substantial Financial Institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies or such other asset classes acceptable to the SFC, in which the Product may invest according to its investment objectives and policies. Where a Product invests in index-based FDIs, the underlying assets of such FDIs are not required to be aggregated for the purposes of the investment restrictions or limitations set out in paragraphs (a), (b), (c) and (g) under the section entitled "Investment Restrictions" above provided that the relevant Index is in compliance with Chapter 8.6(e) of the Code;

(b) the counterparties to over-the-counter FDI transactions or their guarantors are Substantial Financial Institutions or such other entity acceptable to the SFC on a case-by-case basis;

(c) subject to -paragraphs (a) and (b) under the section entitled "Investment Restrictions" above, the Product's net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the Net Asset Value of the Product. The exposure of the Product to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) by the Product and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter FDIs with that counterparty, if applicable; and

(d) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) independent of the issuer of the FDIs through measures such as the establishment of a valuation committee or engagement of third party services. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Product. Further, the calculation agent/fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

For the avoidance of doubt, the restrictions and limitations on counterparty as set out in paragraphs (a) and (b) under the section entitled "Investment Restrictions" above and Chapter 7.28(c) of the Code will not apply to FDIs that are:

(a) transacted on an exchange where the clearing house performs a central counterparty role; and

(b) marked-to-market daily in the valuation of their FDI positions and subject to margining requirements at least on a daily basis.

Collateral

Collateral received from counterparties shall comply with the following requirements:

(a) Liquidity – collateral must be sufficiently liquid and tradable that it can be sold quickly at a robust price that is close to pre-sale valuation, and should normally trade in a deep and liquid marketplace with transparent pricing;

(b) Valuation - collateral should be marked-to-market daily by using independent pricing source;

(c) Issuer credit quality - asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;

(d) Haircut - collateral should be subject to prudent haircut policy which should be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. Price volatility of the asset used as collateral should be taken into account when devising the haircut policy;

(e) Diversification - collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or Entities within the Same Group and the Product's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapter 7 of the Code;

(f) Correlation - the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs, or the counterparty of Securities Financing Transactions in such a way that it would undermine the effectiveness of the collateral. Securities issued by the counterparty or the issuer of the FDIs, or the counterparty of Securities Financing Transactions or any of their related entities should not be used as collateral;

(g) Management of operational and legal risks – the Manager shall have appropriate systems, operational capabilities and legal expertise for proper collateral management;

(h) Independent custody - collateral must be held by the Trustee;

(i) Enforceability - collateral must be readily accessible/enforceable by the Trustee without further recourse to the issuer of the FDIs, or the counterparty of the Securities Financing Transactions;

(j) Re-investment of collateral – any re-investment of cash collateral received for the account of the Product shall be subject to the following requirements:

    (1) cash collateral received may only be reinvested in short-term deposits, high quality Money Market Instruments and money market funds authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. Non-cash collateral received may not be sold, re-invested or pledged. For this purpose, in assessing whether a Money Market Instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the Money Market Instruments must be taken into account;

    (2) the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in Chapter 8.2(f) and (n) of the Code;

    (3) cash collateral received is not allowed to be further engaged in any Securities Financing Transactions; and

    (4) when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any Securities Financing Transactions;

(k) Encumbrances - collateral should be free of prior encumbrances; and

(l) Collateral should generally not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

A description of holdings of collateral (including a description of the nature of collateral, identity of the counterparty providing the collateral, value of the Product (by percentage) secured/covered by collateral with breakdown by asset class/nature and credit rating (if applicable)) will be disclosed in the Product's annual and interim financial reports for the relevant period.

Structured Funds

The Products seek to achieve their respective investment objective primarily through investment in FDIs. The Products are passively managed and track the performance of an index and their net derivative exposure exceeds 50% of their respective Net Asset Value. The core requirements of Chapter 7 of the Code (as set out in the Trust Deed and summarised above under "Investment Restrictions") will apply with the modifications, exemptions or additional requirements as set out under Chapter 8.8 of the Code (as set out in the Trust Deed and summarised below):

(a) the Manager and the issuer of FDIs shall be independent of each other;

(b) the valuation of the FDIs shall meet the requirements set out in Chapter 7.28(d) of the Code;

(c) notwithstanding paragraph (c) under "Financial Derivative Instruments", such Product should maintain full collateralisation and there should be no net exposure to any single counterparty of the over-the-counter FDIs;

(d) the collateral shall meet the requirements set out under "Collateral" in this section and the disclosure requirements set out under "Collateral" in this section; and

(e) the Manager shall put in place a detailed contingency plan regarding credit events such as significant downgrading of credit rating and the collapse of the issuer of FDIs.

Borrowing Policy

Subject always to the provisions of the Trust Deed and the Code, borrowing against the assets of a Product is allowed up to a maximum of 10% of its total Net Asset Value. Where the Manager so determines, a Product's permitted borrowing level may be a lower percentage or more restricted as set out in the relevant Appendix. Subject to the relevant Appendix, the Trustee may at any time on the written instructions make and vary arrangements for the borrowing (including entering into overdraft facilities) by the Trustee for the account of any Product of any currency, for the following temporary purposes:

(a) facilitating the creation if permitted, or redemption of Units or defraying operating expenses;

(b) enabling the Manager to acquire Securities for the account of the Product (for example to cover cash shortfalls caused by mismatched settlement dates or purchase and sale transactions); or

(c) for any other proper purpose as may be agreed by the Manager and the Trustee, except to enhance the performance of any Product.

CREATIONS AND REDEMPTIONS (PRIMARY MARKET)

Investment in a Product

There are 2 methods of making an investment in a Product and of disposing of Units to realise an investment in a Product.

The first method is to create or to redeem Units at Net Asset Value directly with the Product in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the relevant Product. Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals. Participating Dealers are under no obligations to create or redeem Units for their clients and may impose terms, including charges, for handling creation or redemption orders as they determine appropriate, as described in more detail in this section.

The second method is to buy or to sell Units in the secondary market on the SEHK which is more suitable for retail investors. The secondary market price of Units may trade at a premium or discount to the Net Asset Value of the relevant Product.

This section of this Prospectus describes the first method of investment and should be read in conjunction with the Operating Guidelines and the Trust Deed. The section on "Exchange Listing and Trading (Secondary Market)" relates to the second method of investment.

Creation of Units through Participating Dealers

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

Units in each Product are continuously offered through a Participating Dealer, who may apply for them on any Dealing Day for its own account or the account of their client(s), in accordance with the Operating Guidelines, by submitting a Creation Application to the Manager (with a copy to the Trustee and the Registrar).

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit creation requests received from its clients, subject always to (i) mutual agreement between the relevant initial Participating Dealer and its clients as to its fees for handling such requests; (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to create Units for the relevant initial Participating Dealer on behalf of such clients (please refer to the sub-section on "Creation process" below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Creation Application); and (iv) mutual agreement between the relevant initial Participating Dealer and its clients as to the method of effecting such creation requests.

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any creation request received from a client under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;

(b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or Futures Contracts in the relevant Index;

(c) where acceptance of the creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements; or

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

Requirements relating to creation requests by potential investors

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

Any cash payable by a Participating Dealer in a cash Creation Application must be in HKD. Units which are created must be deposited in CCASS as being tradeable in HKD only.

A Participating Dealer may impose fees and charges in handling any creation request which would increase the cost of investment. Investors are advised to check with the Participating Dealer as to relevant fees and charges. Although the Manager has a duty to monitor the operations of each Product closely, neither the Manager nor the Trustee is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee or to accept any such creation requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by Participating Dealer.

A Participating Dealer may also impose timing deadlines for the submission by its clients of any creation request and require any such clients to complete the relevant client acceptance procedures and requirements (including, where necessary, providing such documentation and certifications as required by the Participating Dealer) in order to ensure that an effective Creation Application in respect of a Product can be submitted by it to the Manager (with a copy to the Trustee and the Registrar). Investors are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

The Application Unit size for a Product is the number of Units specified in the relevant Appendix. Creation Applications submitted in respect of Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum subscription for each Product is one Application Unit.

Creation process

A Participating Dealer may from time to time submit Creation Applications in respect of a Product to the Manager (with a copy to the Trustee and the Registrar), following receipt of creation requests from its clients or where it wishes to create Units of the relevant Product for its own account.

If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced. To be effective, a Creation Application must:

(a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;

(b) specify the number of Units and the class of Units (where applicable) which is the subject of the Creation Application; and

(c) include the certifications required in the Operating Guidelines (if any) in respect of creations of Units, together with such certifications and opinions of counsel (if any) as each of the Trustee and the Manager may separately consider necessary to ensure compliance with applicable Securities and other laws in relation to the creation of Units which are the subject of the Creation Application.

The Manager shall have the right to reject, acting in good faith, any Creation Application under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;

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

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

(d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or Futures Contracts as the case may be in the relevant Index;

(e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

(f) circumstances outside the control of the Manager which make it for all practicable purposes impossible to process the Creation Application;

(g) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a Creation Application in the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or

(h) an Insolvency Event occurs in respect of the relevant Participating Dealer.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such Creation Application in accordance with the Operating Guidelines. Where for any reason there is a limit to the number of Units which can be created, priority will be given to Participating Dealers and the relevant Creation Applications as set out in the Operating Guidelines.

The Manager’s right to reject a Creation Application is separate and in addition to a Participating Dealer’s right to reject, acting in good faith, any creation request received from a client of the Participating Dealer under exceptional circumstances. Notwithstanding a Participating Dealer has accepted creation requests from its clients and in that connection submitted an effective Creation Application, the Manager may exercise its rights to reject such Creation Application in the circumstances described herein.

Where the Manager accepts a Creation Application from a Participating Dealer, it shall instruct the Trustee to effect (i) for the account of the relevant Product(s), the creation of Units in Application Unit size in exchange for a transfer of cash; and (ii) the issue of Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

Issue of Units

Units will be issued at the Issue Price prevailing on the relevant Dealing Day, provided that the Manager may add to such Issue Price a sum (if any) which represents the appropriate provision for Duties and Charges. Please refer to the section on "Issue Price and Redemption Value" for the calculation of the Issue Price.

On receipt of a Creation Application by a Participating Dealer for Units in a Product during the relevant Initial Offer Period, the Manager shall procure the creation and issue of Units in that Product on the relevant Initial Issue Date.

Units are denominated in the base currency of the relevant Product (unless otherwise determined by the Manager) as set out in the relevant Appendix and no fractions of a Unit shall be created or issued by the Trustee.

The creation and issue of Units pursuant to a Creation Application shall be effected on the relevant Settlement Day for the Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but (i) for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received, and (ii) the register will be updated on the relevant Settlement Day or the Dealing Day immediately following the Settlement Day if the settlement period is extended. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. An Extension Fee may be payable in relation to such an extension. See the section on "Fees and Expenses" for further details.

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the register if at any time the Trustee is of the opinion that the provisions as set out in the Trust Deed, the relevant Operating Guidelines or the relevant Participation Agreement, in regard to the issue of Units, are being infringed.

Fees relating to Creation Applications

The Service Agent, the Registrar and/or the Trustee may charge a Transaction Fee in respect of Creation Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the same Product). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Creation Applications for the benefit of the Trustee, the Registrar and/or the Service Agent. See the section on "Fees and Expenses" for further details.

In relation to cash creation of Units, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing a Product for the difference between:

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

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

The Participating Dealer may pass on to the relevant investor such additional sum.

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the assets of any Product.

Cancellation of Creation Applications

A Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Trustee, after consultation with the Manager may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received the full amount of cash (including Transaction Fee and Duties and Charges) relating to the Creation Application by the relevant Settlement Day for the Dealing Day, provided that the Manager may at its discretion extend the settlement period and such extension to be on such terms and conditions (including as to the payment of any fees to the Manager or Extension Fee to the Trustee or their respective Connected Persons or otherwise) as the Manager may determine and in accordance with the provisions of the Operating Guidelines.

In addition to the preceding circumstances, the Manager may also cancel any creation order of any Units if it determines by such time as it specifies in the Operating Guidelines that it is unable to invest the cash proceeds of any Creation Application.

Upon the cancellation of any creation order of any Units deemed created pursuant to a Creation Application as provided for above or if a Participating Dealer otherwise withdraws subject to the Manager's consent a Creation Application (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of creations of Units), any cash received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Participating Dealer (without interest) as soon as practicable and the relevant Units shall be deemed for all purposes never to have been created and the Participating Dealer shall have no right or claim against the Manager, the Trustee and/or the Service Agent in respect of such cancellation provided that:

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

(b) the Manager may at its absolute discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the relevant Product, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Product as a result of such cancellation;

(c) the Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on "Fees and Expenses" for further details); and

(d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

Redemption of Units through Participating Dealers

Any application for the redemption of Units of a Product must only be made through a Participating Dealer in respect of an Application Unit size or whole multiples thereof. Investors cannot redeem Units directly from the relevant Product. Only Participating Dealers may submit Redemption Applications to the Manager (with a copy to the Trustee and the Registrar).

A Participating Dealer may redeem Units on any Dealing Day for its own account or for the account of its clients in accordance with the Operating Guidelines, by submitting a Redemption Application to the Manager (with a copy to the Trustee and the Registrar).

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit redemption requests received from its clients, subject always to (i) mutual agreement between the relevant initial Participating Dealer and its clients as to its fees for handling such request(s); (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to redeem Units for the relevant initial Participating Dealer on behalf of its clients (please refer to the sub-section on "Redemption process" below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Redemption Application); and (iv) mutual agreement between the relevant initial Participating Dealer and its clients as to the method of effecting such redemption request.

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;

(b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or Futures Contracts in the Index;

(c) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements; or

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

Requirements relating to redemption requests by Unitholders

As at the date of this Prospectus, only cash redemption is available to the Participating Dealers in respect of the Products. Any cash proceeds received by a Participating Dealer in a cash Redemption Application shall be paid in HKD.

A Participating Dealer may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds. Investors are advised to check with the Participating Dealer as to relevant fees and charges. Although the Manager has a duty to monitor the operations of each Product closely, neither the Manager nor the Trustee is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee or to accept any such redemption requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by a Participating Dealer.

A Participating Dealer may also impose timing deadlines for the submission by its clients of any redemption request and require any such clients to complete the relevant client acceptance procedures and requirements (including, where necessary, providing such documentation and certifications as required by the Participating Dealer) in order to ensure that an effective Redemption Application in respect of a Product can be submitted by it to the Manager (with a copy to the Trustee and the Registrar). Investors are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

Redemption process

A Participating Dealer may from time to time submit Redemption Applications in respect of a Product to the Manager (with a copy to the Trustee and the Registrar), following receipt of redemption requests from clients or where it wishes to redeem Units of the relevant Product for its own account.

If a Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be effective, a Redemption Application must:

(a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;

(b) specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and

(c) include the certifications required in the Participation Agreement and Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of counsel (if any) as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

The Manager shall have the right to reject, acting in good faith, any Redemption Application under exceptional circumstances, including without limitation the following circumstances:

(a) any period during which (i) the creation or issue of Units of the relevant Product, (ii) the redemption of Units of the relevant Product, and/or (iii) the determination of Net Asset Value of the relevant Product is suspended;

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

(c) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities and/or Futures Contracts in the relevant Index;

(d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

(e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or

(f) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a Redemption Application in the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such Redemption Application in accordance with the Operating Guidelines.

The Manager's right to reject a Redemption Application is separate and in addition to a Participating Dealer's right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances. Notwithstanding a Participating Dealer has accepted redemption requests from clients and in that connection submitted an effective Redemption Application, the Manager may exercise its rights to reject such Redemption Application in the circumstances described herein.

Where the Manager accepts a Redemption Application from a Participating Dealer, it shall (i) effect the redemption and cancellation of the relevant Units; and (ii) require the Trustee to transfer to the Participating Dealer cash in accordance with the Operating Guidelines and the Trust Deed.

The Participating Dealer will then transfer the cash to the relevant client if the Redemption Application was submitted by the Participating Dealer for the account of its client.

Redemption of Units

Any accepted Redemption Application will be effected on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and the Trustee) has been received and provided further that the Trustee shall have received (unless otherwise provided in the Operating Guidelines) the original (and not a faxed copy) of the certificates (if any) representing the Units to be cancelled (or an indemnity in terms acceptable to the Trustee) and the full amount of any amount payable by the Participating Dealer including the Transaction Fee and any other Duties and Charges have been either deducted or otherwise paid in full.

For valuation purposes only, Units shall be deemed to have been redeemed and cancelled after the Valuation Point on the Dealing Day on which the Redemption Application was received or deemed received. The name of the Unitholder of such Units shall be removed from the Register in respect of those Units redeemed and cancelled on the relevant Settlement Day.

The Redemption Value of Units tendered for redemption and cancellation shall be the Net Asset Value per Unit of a Product rounded to the nearest four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down). The benefit of any rounding adjustments will be retained by the relevant Product. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received.

The interval between the receipt of a properly documented Redemption Application and payment of redemption proceeds may not exceed one calendar month provided that there is no delay in submitting all duly completed redemption documentation and the determination of the Net Asset Value or dealing in Units is not suspended.

The Manager may at its discretion extend the settlement period upon receipt of the extended settlement request in respect of the Redemption Application on such terms and conditions (including as to the payment of any fees to the Manager or the Trustee or their respective Connected Persons or otherwise) as the Manager may in its discretion determine, in accordance with the Operating Guidelines.

Fees relating to Redemption Applications

The Service Agent, the Registrar and/or the Trustee may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the same Product). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any amount due to the Participating Dealer in respect of such Redemption Application(s)) for the benefit of the Trustee, the Registrar and/or the Service Agent. See the section on "Fees and Expenses" for further details.

In relation to cash redemption of Units, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing the relevant Product for the difference between:

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

(b) the prices which would be used when selling the same Securities and/or Futures Contracts as applicable if they were sold by the relevant Product in order to realise the amount of cash required to be paid out of the relevant Product upon such redemption of Units.

The Participating Dealer may pass on to the relevant investor such additional sum.

The Trustee may deduct from the redemption proceeds such sum (if any) as the Trustee may consider represents an appropriate provision for the Transaction Fee and/or other Duties and Charges.

Cancellation of Redemption Applications

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

No cash amount shall be paid in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Trustee free and clear of any Encumbrance for redemption by such time on the Settlement Day or other dealing set forth in the Trust Deed and/or Operating Guidelines as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally.

In the event that any Units, which are the subject of a Redemption Application, are not delivered to the Trustee for redemption in accordance with the foregoing or are not free and clear of any Encumbrance (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of redemptions of Units):

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

(b) the Manager may at its discretion require the relevant Participating Dealer to pay to the Trustee, for the account of the relevant Product, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities and/or Futures Contracts made a Creation Application in accordance with the provisions of the Trust Deed plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the Product(s) as a result of such cancellation;

(c) the Transaction Fee in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section on “Fees and Expenses” for further details); and

(d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

Deferred redemption

In the event that redemption requests are received for the redemption of Units representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Product) of the total number of Units in a Product then in issue, the Manager may direct the Trustee to reduce such requests rateably and pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may determine in respect of a Product) of the Units in the relevant Product then in issue. Units which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the relevant Product themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Product) of the Units in the relevant Product then in issue) in priority to any other Units in the relevant Product for which redemption requests have been received. Units will be redeemed at the Redemption Value prevailing on the Dealing Day on which they are redeemed.

Suspension of creations and redemptions

The Manager may, at its discretion, in consultation with the Trustee (and, in respect of redemptions, where practicable after consultation with Participating Dealers) and having regard to the best interest of Unitholders, suspend the creation or issue of Units of any Product(s), suspend the redemption of Units of any Product(s) and/or (subject to all applicable legal or regulatory requirements where payment of redemption proceeds exceeds one calendar month) delay the payment of any monies and transfer of any Securities and/or Futures Contracts in respect of any Creation Application and/or Redemption Application in the following circumstances:

(a) during any period when trading on the SEHK or any other Recognised Stock Exchange or Recognised Futures Exchange is restricted or suspended;

(b) during any period when a market on which a Security and/or Futures Contract, as the case may be (that is a component of the Index) has its primary listing, or the official clearing and settlement depositary (if any) of such market, is closed;

(c) during any period when dealing on a market on which a Security and/or Futures Contract, as the case may be (that is a component of the Index) has its primary listing is restricted or suspended;

(d) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or Futures Contracts, as the case may be in the official clearing and settlement depositary (if any) of such market is disrupted;

(e) during the existence of any state of affairs as a result of which delivery or purchase of Securities and/or Futures Contracts, as appropriate or disposal of investments for the time being comprised in the relevant Product cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant Product;

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

(g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Product or when for any other reason the value of any Securities and/or Futures Contracts or other property for the time being comprised in the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(h) during any period when the determination of the Net Asset Value of the relevant Product is suspended or if any circumstance specified in the section on "Suspension of Determination of Net Asset Value" below arises;

(i) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee, in respect of any Creation Application and/or Redemption Application in the relevant Product is substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or

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

Where the Products under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single entity, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

The Manager shall notify the SFC and publish a notice of suspension as soon as may be practicable following the suspension, and at least once a month during the suspension, on its website at www.samsungetf.com.hk (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC) or in such other publications as it decides.

The Manager shall consider any Redemption Application or any Creation Application received during the period of suspension (that has not been otherwise withdrawn) as having been received immediately following the termination of the suspension. The period for settlement of any redemption will be extended by a period equal to the length of the period of suspension.

A Participating Dealer may, at any time after a suspension has been declared and before termination of such suspension, withdraw any Creation Application or Redemption Application by notice in writing to the Manager and the Manager shall promptly notify and request the Trustee to return to the Participating Dealer any cash received by it in respect of the Creation Application (without interest) as soon as practicable.

A suspension shall remain in force until the earlier of (a) the Manager declaring the suspension is at an end; and (b) the first Dealing Day on which (i) the condition giving rise to the suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised exists.

Evidence of Unitholding

Units will be deposited, cleared and settled by CCASS. Units are held in registered entry form only, which means that no Unit certificates are issued. HKSCC Nominees Limited is the registered owner (i.e. the sole holder of record) of all outstanding Units deposited with CCASS and is holding such Units for the Participants in accordance with the General Rules of CCASS. Furthermore, the Trustee and the Manager acknowledge that pursuant to the General Rules of CCASS neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Units. Investors owning Units in CCASS are beneficial owners as shown on the records of the participating brokers or the relevant Participating Dealer(s) (as the case may be) who are Participants.

Restrictions on Unitholders

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:

(a) a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or any Product suffering any adverse effect which the Trust or the relevant Product might not otherwise have suffered;

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

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

Upon notice that any Units are so held, the Manager may require such Unitholders to redeem or transfer such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose holding would be permissible under this Prospectus and the Trust Deed in a manner that would result in such Unitholder no longer being in breach of the restrictions above.

Transfer of Units

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

EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

The purpose of the listing of the Units on the SEHK is to enable investors to buy and sell Units on the secondary market, normally via a broker or dealer in smaller quantities than would be possible if they were to subscribe and/or redeem Units in the primary market.

The market price of a Unit listed or traded on the SEHK may not reflect the Net Asset Value per Unit. Any transactions in the Units on the SEHK will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the SEHK. There can be no guarantee that once the Units are listed on the SEHK they will remain listed.

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units. Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the SEHK with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker, the portfolio composition information which is made available to a Participating Dealer.

Units may be purchased from and sold through the Market Makers. However, there is no guarantee or assurance as to the price at which a market will be made. In maintaining a market for Units, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities or Futures Contracts comprised within the Index. Market Makers may retain any profits made by them for their own benefit and they are not liable to account to the Products in respect of such profits.

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

If trading of the Units on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for the Units.

Application may be made in future for a listing of Units of any Product on one or more other stock exchanges.

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

Please also refer to the relevant Appendix for additional disclosures on secondary market trading.

DETERMINATION OF NET ASSET VALUE

Calculation of Net Asset Value

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

Set out below is a summary of how various properties held by the relevant Product are valued:

(a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (in consultation with the Trustee) determines that some other method is more appropriate, be valued by reference to the price appearing to the Manager to be the official closing price or, if unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager; (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; and (iv) the Manager and the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or last traded prices as the case may be;

(b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the last available bid or offer price for such unit, share or other interest;

(c) Futures Contracts will be valued at the official closing price of the Futures Contracts or if such price is not available (i) the latest available price or (ii) if bid and offer quotations are made, the latest available middle market quotation of such Futures Contract in each case at the Valuation Point or as otherwise valued as described in the Trust Deed;

(d) except as provided for in paragraph (a) (iii) or (b), the value of any investment which is not listed, quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended out of the relevant Product in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may at any time in consultation with the Trustee and shall at such times or at such intervals as the Trust shall request cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);

(e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager in consultation with the Trustee, any adjustment should be made to reflect the value thereof; and

(f) notwithstanding the foregoing, the Manager may, in consultation with the Trustee, adjust the value of any investment if, having regard to relevant circumstances, the Manager considers that such adjustment is more appropriate to fairly reflect the value of the investment.

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

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

Suspension of determination of Net Asset Value

The Manager may, in consultation with the Trustee having regard to the best interests of Unitholders, declare a suspension of the determination of the Net Asset Value of the relevant Product for the whole or any part of any period during which:

(a) there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the relevant Product;

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

(c) for any other reason the prices of investments of the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(d) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Product or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities and/or Futures Contracts or other property for the time being comprised in the relevant Product cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;

(e) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, a substantial part of the Securities and/or Futures Contracts or other property of that Product or the subscription or redemption of Units of the relevant Product is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange; or

(f) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of the determination of the Net Asset Value of the relevant Product are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value of the relevant Product and the Manager shall be under no obligation to rebalance the relevant Product until the suspension is terminated on the earlier of (i) the Manager declaring the suspension is at an end; and (ii) the first Dealing Day on which (1) the condition giving rise to the suspension shall have ceased to exist; and (2) no other condition under which suspension is authorised exists.

The Manager shall notify the SFC and publish a notice of suspension as soon as may be practicable following the suspension, and at least once a month during the suspension, on its website at www.samsungetf.com.hk (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC) or in such other publications as it decides.

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

Issue Price and Redemption Value

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

After the expiry of the Initial Offer Period, the Issue Price of Units created and issued by a Creation Application, will be the prevailing Net Asset Value of the relevant Product as at the relevant Valuation Point divided by the total number of Units in issue rounded to the nearest four decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down).

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

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

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

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

FEES AND EXPENSES

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

(A)	**Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Units (applicable both during the Initial Offer Period and After Listing)**	**Amount**
	Administrative transaction fee and Service Agent's Fee	HKD3,900[1] per Application and HKD1,000[1] per book-entry deposit and withdrawal transaction
	Registrar fee	HKD160[2] per Application
	Application cancellation fee	HKD12,000[3] per Application
	Extension Fee	HKD12,000[4] per Application
	Stamp duty	Nil
	All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption	As applicable
(B)	**Fees and expenses payable by investors**	**Amount**
	(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)	
	Fees and charges imposed by the Participating Dealer[5]	Such amounts as determined by the relevant Participating Dealer
	(ii) Fees payable by all investors in respect of dealings in the Units on SEHK (applicable After Listing)	
	Brokerage	Market rates
	Transaction levy	0.0027%[6]

1 *The administrative transaction fee of HKD3,900 is payable by a Participating Dealer to the Trustee for the benefit of the Trustee and/or Registrar. The Service Agent's Fee of HKD1,000 is payable by the Participating Dealer to the Service Agent per each book-entry deposit and withdrawal transaction. A Participating Dealer may pass on to the relevant investor such Transaction Fee.*

2 *The Registrar will charge each Participating Dealer a fee for each Creation Application and Redemption Application.*

3 *An application cancellation fee is usually payable to the Trustee for the account of the Registrar in respect of either a withdrawn or failed Creation Application or Redemption Application (other than in certain circumstances such as following a suspension of creations or redemptions by the Manager).*

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

5 *The Participating Dealer may increase or waive the level of its fees in its discretion. Information regarding these fees and charges is available upon request to the relevant Participating Dealer.*

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

	SEHK trading fee	0.005%[7]
	Stamp duty	Nil
(C)	**Fees and expenses payable by a Product**	(See further disclosure below)

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

Fees and expenses payable by a Product

Management fee

The Manager is entitled to receive a management fee of up to 0.99% per year of the Net Asset Value of each Product. The current management fee percentage in respect of each Product is set out in the relevant Appendix and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. This fee is payable out of the Trust Fund.

The Manager may pay a distribution fee to any distributor or sub-distributors of the Trust out of the management fees it receives from the Trust. A distributor may re-allocate an amount of the distribution fee to the sub-distributors. The fees of the Investment Adviser, if any, will be paid by the Manager and not out of the assets of the relevant Product.

Trustee's and Registrar's fee

The Trustee receives out of the assets of each Product a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day of up to the greater of 1% per year of the Net Asset Value of a Product or the applicable monthly minimum. The trustee fee percentage in respect of each Product is set out in the relevant Appendix.

The Trustee shall also be entitled to be reimbursed out of the assets of the relevant Product all out-of-pocket expenses incurred.

The Registrar is entitled to a registrar fee and an administrative transaction fee for any creation and redemption of Units of the relevant Product as set out in the relevant Appendix.

Service Agent's fee

The Service Agent is entitled to receive a monthly reconciliation fee of HKD5,000 from the Manager. The Manager shall pass on to the relevant Product such reconciliation fee.

For any period less than a month, the reconciliation fee is on a pro-rata basis and accrues on a daily basis. The Trustee, on behalf of the Trust, will pay all other expenses chargeable by the Service Agent in connection with the Service Agent's role.

Ongoing charges

The estimated ongoing charges (where a Product is newly established) or actual ongoing charges of a Product where applicable, which are the sum of anticipated or actual (as the case may be) ongoing expenses of the relevant Product expressed as a percentage of the estimated or actual (as the case may be) average Net Asset Value of the relevant Product, as well as the estimated annual average daily ongoing charges (where a Product is newly established) or actual average daily ongoing charges where applicable, which are equal to the estimated or actual (as the case may be) ongoing charges divided by the number of Dealing Days of the relevant Product during

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

the year, are set out in the relevant Appendix. Where a Product is newly established the Manager will make a best estimate of the ongoing charges and the annual average daily ongoing charges and keep such estimates under review. The establishment costs of a Product will also be included in the ongoing charges calculation. Ongoing expenses are generally payments deducted from the assets of a Product where these are permitted by the Trust Deed, the Code and the law. These include all types of cost borne by a Product, whether incurred in its operation or the remuneration of any party. The estimated or actual ongoing charges do not represent the estimated or actual tracking error, and the estimated or actual annual average daily ongoing charges do not represent the estimated or actual annual average daily tracking error.

Brokerage rates

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

Promotional expenses

The Products will not be responsible for any promotional expenses including those incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the Products will not be paid (either in whole or in part) out of the Trust Fund.

Other expenses

The Products will bear all operating costs relating to the administration of the Products including but not limited to stamp and other duties, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges and other costs and expenses payable in respect of the acquisition, holding and realisation of any investment or any monies, deposit or loan, charges and expenses of its legal counsel, auditors and other professionals, index licensing fees, the costs in connection with maintaining a listing of the Units on the SEHK or other exchange and maintaining the Trust's and the Products' authorisation under the SFO, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds, any disbursements or out-of-pocket expenses properly incurred on behalf of the Products by the Trustee, the Manager or the Registrar or any of its service providers, the expenses incurred in convening meetings of Unitholders, preparing, printing and distributing annual financial reports and interim unaudited financial reports and other circulars relating to the Products and the expenses of publishing Unit prices.

Establishment costs

The cost of establishing the Trust was borne partly by the Trust and the remainder borne by the Manager. The cost of establishing Samsung HSI Daily (2x) Leveraged Product, Samsung HSI Daily (-1x) Inverse Product, Samsung HSCEI Daily (2x) Leveraged Product and Samsung HSCEI Daily (-1x) Inverse Product including the preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs was approximately HKD2.2 million and is being borne by the these four Products equally (unless otherwise determined by the Manager and set out in the relevant Appendix of any subsequent Product) and amortised over the first five financial years of the these four Products.

The attention of investors is drawn to the risk factor entitled "Valuation and accounting risk".

Increase in fees

The current fees in respect of each Product payable to the Manager and the Trustee as described in the relevant Appendix may be increased on one month's notice to Unitholders (or such shorter period as approved by the SFC), subject to the maximum rates set out in the Trust Deed. In the event that such fees are to be increased beyond the maximum rates set out in the Trust Deed, such increase will be subject to the Unitholders' and the SFC's approval.

RISK FACTORS

An investment in any Product carries various risks. Each of these may affect the Net Asset Value, yield, total return and trading price of the Units. There can be no assurance that the investment objective of a Product will be achieved. Investors should carefully evaluate the merits and risks of an investment in the relevant Product in the context of your overall financial circumstances, knowledge and experience as an investor. The risk factors set forth below are the risks which are believed by the Manager and its directors to be relevant and presently applicable to all Products. Investors should refer to additional risk factors, specific to each Product, as set out in the relevant Appendix.

Risks associated with investment in any Product

Investment objective risk

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

Market risk

The Net Asset Value of each Product will change with changes in the market value of the Securities and/or Futures Contracts it holds. The price of Units and the income from them may go down as well as up. There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of a Product is based on the capital appreciation and income on the Securities and/or Futures Contracts it holds, less expenses incurred. A Product's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Product may experience volatility and decline in response to changes in the relevant Index. Investors in a Product are exposed to the same risks that investors who invest directly in the underlying Securities and/or Futures Contracts would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Index).

Asset class risk

Although the Manager is responsible for the continuous supervision of the investment portfolio of the Products, the returns from the types of Securities and/or Futures Contracts in which a Product invests (either directly or indirectly) may underperform or outperform returns from other Securities and/or Futures Contracts markets or from investment in other assets. Different types of Securities and/or Futures Contracts tend to go through cycles of out-performance and underperformance when compared with other general Securities and/or Futures Contracts markets.

Passive investment risk

The Products are not actively managed. Accordingly, the Products may be affected by changes in the market segments relating to the relevant Index or Indices. The Manager does not attempt to select Securities or Futures Contracts individually or to take defensive positions when the Index moves in an unfavourable direction. In such circumstances investors may lose a significant part of their respective investments. Each Product invests (either directly or indirectly) in the Securities and/or Futures Contracts included in or representative of the relevant Index regardless of their investment merit, except to the extent of any representative sampling strategy. Investors should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of the Products will mean that falls in the Index or Indices in the case of Products tracking the performance or the leveraged performance of the Index or Indices, or increases in the Index or Indices in the case of Products tracking inverse performance of the Index or Indices, are expected to result in corresponding falls in the value of the Products, and investors may lose substantially all of their investment.

Possible business failure risk

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

Management risk

Because there is no guarantee or assurance of exact or identical replication of the performance, the inverse performance or the leveraged performance (as the case may be) of the relevant Index by a Product at any time, a Product is subject to management risk. This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager has absolute discretion to exercise Unitholders' rights with respect to Securities and/or Futures Contracts comprising a Product. There can be no guarantee that the exercise of such discretion will result in the investment objective of the relevant Product being achieved.

Tracking error and correlation risk

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

Counterparty risk

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a Product and settle a transaction in accordance with market practice. A Product may be exposed to the risk of a counterparty through investments.

Deposits of securities or cash with a custodian, bank or financial institution ("custodian or depositary") will carry counterparty risk as the custodian or depositary may be unable to perform their obligations due to credit-related and other events like insolvency of or default of them. In most cases, a Product's assets will be maintained by the custodian or depositary in segregated accounts and would be protected in the event of the insolvency of the custodian or depositary.

Concentration risk

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

Trading risk

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

Loss of capital risk

There is no guarantee that a Product's investments will be successful. In addition, trading errors are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

No trading market in the Units risk

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

Foreign exchange risk

An investment in the Units of a Product may directly or indirectly involve exchange rate risk. The constituent Securities or Futures Contract of an Index may be denominated in currencies other than the base currency of the Product. Fluctuations in the exchange rates between such currency and the base currency may have an adverse impact on the performance of the Product.

Indemnity risk

Under the Trust Deed, the Trustee and the Manager have the right to be indemnified against any liability in performing their respective duties except that they cannot be exempted from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, nor may they be indemnified against such liability by Unitholders or at Unitholders' expense. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the relevant Product and the value of the Units.

Dividends may not be paid risk

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

Early termination risk

A Product may be terminated early under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than HKD150 million or such amount specified in the relevant Appendix or (ii) any law or regulation is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the relevant Product or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed or (iv) the relevant Index is no longer available for benchmarking or if the Units are no longer listed on the SEHK or any other Recognised Stock Exchange or (v) at any time, the relevant Product ceases to have any Participating Dealer or Market Maker. Upon a Product being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the relevant Product to the Unitholders in accordance with the Trust Deed. Investor may suffer a loss where any such amount distributed may be more or less than the capital invested by the Unitholder.

Risks associated with FDIs

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

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

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

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

Risks associated with market trading

Absence of active market and liquidity risks

Although Units of each Product are listed for trading on the SEHK, there can be no assurance that an active trading market for such Units will develop or be maintained. In addition, if the underlying Securities or Futures Contracts which comprise the relevant Index have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Units and the ability of an investor to dispose of its Units at the desired price. If an investor needs to sell his, her or its Units at a time when no active market for them exists, the price received for the Units – assuming an investor is able to sell them – is likely to be lower than the price received if an active market did exist.

Suspension of trading risk

Investors and potential investors will not be able to buy nor sell, Units on the SEHK during any period in which trading of the Units is suspended. The SEHK may suspend the trading of Units whenever the SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors. The subscription and redemption of Units may also be suspended if the trading of Units is suspended.

Effect of redemptions risk

If significant redemptions of Units are requested by the Participating Dealers, it may not be possible to liquidate the relevant Product's investments at the time such redemptions are requested or the Manager may be able to do so only at prices which the Manager believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Units are requested by the Participating Dealers, the right of Participating Dealers to require redemptions in excess of 10% of the total number of Units in the Product then in issue (or such higher percentage as the Manager may determine) may be deferred.

In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of a Product for the whole or any part of any period. Please see the section on "Determination of Net Asset Value" for further details.

Units may trade at prices other than Net Asset Value risk

Units may trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Unit of each Product is calculated at the end of each Dealing Day and fluctuates with changes in the market value of the relevant Product's holdings. The trading prices of the Units fluctuate continuously throughout the trading hours based on market supply and demand rather than Net Asset Value. The trading price of the Units may deviate significantly from Net Asset Value particularly during periods of market volatility. Volatility on the SEHK as well as supply and demand for Units traded on the SEHK may lead to the Units of the relevant Product trading at a premium or discount to the Net Asset Value. On the basis that Units can be created and redeemed in Application Units at Net Asset Value, the Manager believes that large discounts or premiums to Net Asset Value are not likely to be sustained over the long-term. While the creation/redemption feature is designed to make it likely that the Units will normally trade at prices close to the relevant Product's next calculated Net Asset Value, trading prices are not expected to correlate exactly with the relevant Product's Net Asset Value due to reasons relating to timing as well as market supply and demand factors. In addition, disruptions to creations and redemptions or the existence of extreme market volatility may result in trading prices that differ significantly from Net Asset Value. In particular, if an investor purchases Units at a time when the market price is at a premium to Net Asset Value or sells when the market price is at a discount to Net Asset Value, then the investor may sustain losses.

Borrowing risks

The Trustee, on the written instructions of the Manager, may borrow for the account of a Product (up to 10% of the Net Asset Value of each Product unless otherwise specified in the Appendix) for various reasons, such as facilitating redemptions or to acquire investments for the account of the relevant Product. Borrowing involves an increased degree of financial risk and may increase the exposure of a Product to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that a Product will be able to borrow on favourable terms, or that the relevant Product's indebtedness will be accessible or be able to be refinanced by the relevant Product at any time.

Cost of trading Units risk

As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Units on the SEHK. In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Units (bid price) and the price at which they are willing to sell Units (ask price).

No right to control the Product's operation risk

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

Secondary market trading risk

Units in a Product may trade on the SEHK when the relevant Product does not accept orders to subscribe or redeem Units. On such days, Units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the relevant Product accepts subscription and redemption orders.

Reliance on the Manager risk

Unitholders must rely on the Manager in formulating the investment strategies and the performance of each Product is largely dependent on the services and skills of its officers and employees. In the case of loss of service of the Manager or any of its key personnel, as well as any significant interruption of the Manager's business operations or in the extreme case of the insolvency of the Manager, the Trustee may not find successor managers with the requisite skills and qualifications quickly or at all, and the new appointment may not be on equivalent terms or of similar quality.

Reliance on the Investment Adviser risk

The Manager substantially makes use of and relies upon the expertise and systems of the Investment Adviser to support the investments of the Products in the relevant markets. In the event of a breakdown or disruption in communications with or the provision by the Investment Adviser of its assistance to the Manager, the operations of a Product may be adversely affected. The occurrence of such events could cause a deterioration in a Product's performance and investors may lose money in those circumstances.

Reliance on Market Maker risk

Although the Manager will use its best endeavours to put in place arrangements that at least one Market Maker will maintain a market for the Units of each Product, there may be circumstances such as the revocation of the relevant market making approvals or registration or other changes beyond the control of the Manager that may result in the sudden loss of a Market Maker for a Product. If there is no Market Maker for the Units of a Product, the Product may be required by the SFC to be terminated if it tracks the leveraged or inverse performance of an index. Termination will take place at about the same time as the resignation of the last Market Maker becoming effective and advance notice of termination will be issued to investors pursuant to the Code. The Manager will seek to mitigate this risk by using its best endeavours to put in place arrangements so that at least one Market Maker (with relevant experience in leveraged or inverse Product, as the case may be) for the Units of each Product gives not less than 3 months' notice prior to terminating market making arrangement under the relevant market making agreement(s). It is possible that there is only one SEHK Market Maker to a Product or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker. There is also no guarantee that any market making activity will be effective.

Reliance on Participating Dealer risk

The creation and redemption of Units may only be effected through Participating Dealers. A Participating Dealer may charge a fee for providing this service. Participating Dealers will not be able to create or redeem Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of Securities or Futures Contracts through CCASS is disrupted or the Index is not compiled or published. In addition, Participating Dealers will not be able to issue or redeem Units if some other event occurs that impedes the calculation of the Net Asset Value of the relevant Product or disposal of the relevant Product's Securities cannot be effected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Units freely. Where a Participating Dealer appoints an agent or delegate (who is a Participant) to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative agent or delegate, or if the agent or delegate ceases to be a Participant, the creation or realisation of Units by such Participating Dealer may also be affected.

Trading time differences risk

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

Risks associated with the Indices

Fluctuations risk

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

Licence to use Index may be terminated risk

The Manager is granted a licence by the Index Provider to use each Index in connection with the relevant Product and to use certain trade marks and any copyright in the Index. A Product may not be able to fulfil its objective and may be terminated if the licence agreement is terminated. The initial term of the licence agreement may be limited in period and thereafter renewable for only short periods. There can be no guarantee that the relevant licence agreement will be perpetually renewed. For further information on the grounds for terminating the licence agreement, please refer to the section on "Index licence agreement" in the relevant Appendix. Although the Manager will seek to find a replacement Index, a Product may also be terminated if the relevant Index ceases to be compiled or published and there is no replacement Index using the same or substantially similar formula for the method of calculation as used in calculating the Index.

Compilation of Index risk

The Securities and/or Futures Contracts of each Index are determined and composed by the relevant Index Provider without regard to the performance of the relevant Product. The Products are not sponsored, endorsed, sold or promoted by the Index Provider(s). Each Index Provider makes no representation or warranty, express or implied, to investors in the Products or other persons regarding the advisability of investing in Securities and/or Futures Contracts generally or in the Products particularly. Each Index Provider has no obligation to take the needs of the Manager or investors in the Products into consideration in determining, composing or calculating the Index or Indices. There is no assurance that an Index Provider will compile the relevant Index accurately, or that the Index will be determined, composed or calculated accurately. In addition, the process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Provider without notice. Consequently there can be no guarantee that the actions of an Index Provider will not prejudice the interests of the relevant Product, the Manager or investors.

Composition of an Index may change risk

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

Risks associated with regulation

Withdrawal of SFC authorisation risk

The Trust and each Product have been authorised as a collective investment scheme under the Code by the SFC under Section 104 of the SFO. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. This does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC reserves the right to withdraw the authorisation of the Trust or any Product or impose such conditions as it considers appropriate or to withdraw any waiver from the Code or revise the same. If the Manager does not wish the Trust or any Product to continue to be authorised by the SFC, the Manager will give Unitholders at least three months' notice of the intention to seek SFC's withdrawal of such authorisation. In addition, any authorisation granted by the SFC may be subject to certain conditions or waivers from the Code which may be withdrawn or varied by the SFC. If, as a result of such withdrawal or variation of conditions or waivers from the Code, it becomes illegal, impractical or inadvisable to continue the Trust or any Product, the Trust or the relevant Product (as applicable) will be terminated.

General legal and regulatory risk

Each Product must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objectives followed by the Product. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Index and as a result, the performance of the relevant Product. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Product. In the worst case scenario, a Unitholder may lose a material part of its investments in a Product.

Units may be delisted from the SEHK risk

The SEHK imposes certain requirements for the continued listing of securities, including the Units, on the SEHK. Investors cannot be assured that a Product in which the investor has invested will continue to meet the requirements necessary to maintain the listing of Units on the SEHK or that the SEHK will not change the listing requirements. If the Units of the Product are delisted from the SEHK, Unitholders will have the option to redeem their Units by reference to the Net Asset Value of the Product. Where the Product remains authorised by the SFC, such procedures required by the Code will be observed by the Manager including as to notices to Unitholders, withdrawal of authorisation and termination, as may be applicable. Should the SFC withdraw authorisation of a Product for any reason it is likely that Units may also have to be delisted.

Taxation risk

Investing in a Product may have tax implications for a Unitholder depending on the particular circumstances of each Unitholder. Prospective investors are strongly urged to consult their own tax advisers and counsel with respect to the possible tax consequences to them of an investment in the Units. Such tax consequences may differ in respect of different investors.

Legal and compliance risk

Domestic and/or international laws or regulations may change in a way that adversely affects the Trust or the Products. Differences in laws between jurisdictions may make it difficult for the Trustee or Manager to enforce legal agreements entered into in respect of the Products. The Trustee and the Manager reserve the right to take steps to limit or prevent any adverse effects from changes to laws or their interpretation, including altering investments of or restructuring the Products.

Valuation and accounting risk

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

Contagion across Products risk

The Trust Deed allows the Trustee and the Manager to issue Units in separate Products as separate trusts. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various Products under the Trust (liabilities are to be attributed to the specific Product in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant Product (in the absence of the Trustee granting that person a security interest). However, each of the Trustee and the Manager will have a right of reimbursement and indemnity out of the assets of the Trust as a whole or any part thereof, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, which may result in Unitholders of one Product being compelled to bear the liabilities incurred in respect of another Product in which such Unitholders do not themselves own Units, if there are insufficient assets in that other Product to satisfy the amount due to the Trustee or the Manager (as the case may be). Accordingly, there is a risk that liabilities of one Product may not be limited to that particular Product and may be required to be paid out of one or more other Products.

Non-recognition of Product segregation risk

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

FATCA related risks

The US Foreign Account Tax Compliance Act (“FATCA”) provides that a 30% withholding tax will be imposed on certain payments to a foreign financial institution, such as the Trust and each Product unless the Trust, the relevant Product or the Manager discloses the name, address and taxpayer identification number of certain US persons that own, directly or indirectly, an interest in the relevant Product, as well as certain other information relating to any such interest. Withholding payments include interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. The US Internal Revenue Service (the "IRS") has released regulations and other guidance that provide for the phased implementation of the foregoing withholding and reporting requirements. The US Department of the Treasury and Hong Kong signed an intergovernmental agreement on 13 November 2014 based on the Model 2 format. Although the Trust and the Products will attempt to satisfy any obligations imposed on them to avoid the imposition of FATCA withholding tax, no assurance can be given that the Trust and the Products will be able to fully satisfy these obligations. If any Product becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of such Product may be adversely affected and such Product and its Unitholders may suffer material loss.

The Trust and the Products' ability to comply with FATCA will depend on each Unitholder providing the Trust, the Products or the Manager with information that the Trust, the Products or the Manager requests concerning the Unitholder or its direct and indirect owners.

Please also refer to the sub-section entitled "FATCA and compliance with US withholding requirements" under the section headed "Taxation" in this Prospectus for further details on FATCA and related risks.

All prospective investors and Unitholders should consult their own tax advisers regarding the possible implications of FATCA and the tax consequences on their investments in a Product. Unitholders who hold their Units through intermediaries should also confirm the FATCA compliance status of those intermediaries.

MANAGEMENT OF THE TRUST

The Manager and Investment Adviser

The Manager of the Trust and each Product is Samsung Asset Management (Hong Kong) Limited 三星資產運用(香港)有限公司.

Samsung Asset Management (Hong Kong) Limited 三星資產運用(香港)有限公司 is a limited liability company incorporated in Hong Kong on 1 November 2007. The Manager is principally engaged to provide asset management services and securities investment advisory services in Hong Kong. The Manager is a wholly-owned subsidiary of Samsung Asset Management Co., Limited, a company established in Korea which has been appointed by the Manager as the Investment Adviser.

Samsung Asset Management Co., Limited acts as the Investment Adviser in respect of the Trust and each Product (unless otherwise stated in the relevant Appendix). The Investment Adviser will advise the Manager in respect of each Product for which it is appointed. The Manager will manage each Product and continuously supervise the portfolio of each Product. In addition the Manager will be primarily responsible for portfolio composition file generation, cash management, trade execution and instructing money transfers.

Samsung Asset Management Co., Limited is a fund management company regulated and licensed by the Financial Services Commission of Korea and is one of the biggest asset management companies (in terms of assets under management) based in Korea. As at 31 December 2017, Samsung Asset Management Co., Limited had assets under management worth approximately USD209.5 billion.

The Manager obtained licences from the SFC in Hong Kong on 23 April 2008 to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities with CE Number AQG442.

The Directors of the Manager are as follows:

- ***CHOI Sungjin, CFA***
  CEO and Managing Director

  Mr. Choi is the CEO & Managing Director of Samsung Asset Management (Hong Kong) Limited. Before that, he served as a Chief Financial Officer and General Manager in October 2016. Prior to joining Samsung Asset Management (Hong Kong) Limited, Mr. Choi worked as a fixed-income portfolio manager at Samsung Fire & Marine Insurance Co., Ltd. for 10 years. After that he served as an economic adviser at Samsung Electronics Co., Ltd. for 3.5 years and as a finance manager at Samsung Asset Management Co., Ltd. for 1 year. He obtained his MS from MIT Sloan School of Management, MBA from Sung Kyung Kwan University Graduate School of Business and BS in Business Administration from Seoul National University, Korea. He is a CFA charter holder and has an FRM certificate.

- ***KIM Minseok***
  CFO and Director

  Mr. Kim joined Samsung Asset Management (Hong Kong) Limited as a Chief Financial Officer in October 2019. Before joining Samsung Asset Management (Hong Kong) Limited, Mr. Kim had worked as a senior manager in Business Administration Team of Samsung Asset Management Co, Limited in Korea for 5 years. Prior to that, Mr. Kim was with Samsung Life Insurance Co. Limited for 4 years as a manager in the financial management department. Mr. Kim holds a Bachelor degree in Psychology from Yonsei University, Korea.

- ***PARK Sungjin***
  Director

  Mr. Park is in charge of the Global Business Division of Samsung Asset Management (Hong Kong) Limited. He is responsible for the planning and execution of corporate strategies including phasing in or out of markets or products, arranging strategic alliances and identifying and executing mergers and acquisitions. Prior to serving in his current role, Mr. Park served as President and Chief Investment Officer of Samsung Asset Management New York Inc. ("SAMNY"). He oversaw investment management processes and all related activities including risk management, client service and product development of SAMNY. He was also a board member of SAMNY. Previously, he was a lead portfolio manager of SAMNY U.S. Equity Group and was responsible for managing U.S. large cap equity funds. He also worked for Samsung Life Insurance in Seoul as an equity portfolio strategist for 10 years. He holds an Master of Business Administration from the University of Rochester, Simon School and a bachelor's degree in Economics from the University of California, Irvine. He is a Chartered Financial Analyst charterholder.

The Manager has in place the necessary operating systems for creation, redemption and operation of each Product. The Manager will leverage the Investment Adviser's expertise and IT platform to support the Product's investments. In order to successfully launch the Product, the Investment Adviser's group has helped the Manager to establish a comprehensive IT platform that uses advanced automated systems to ensure that the Product operates in an efficient manner.

The Manager retains discretionary powers in the management of each Product (which will not be delegated to the Investment Adviser). The Investment Adviser will only provide investment advice to the Manager. The remuneration (if any) of the Investment Adviser will be borne by the Manager.

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

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

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

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

(D) diversification guidelines per futures or option contract (limitation on the percentage of the Net Asset Value committed as margin for each single futures or option contract); and

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

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

The Trustee and Registrar

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

The Trustee was incorporated with limited liability in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong) and approved by the Mandatory Provident Funds Scheme Authority as trustee of registered MPF Schemes under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong). The

Trustee is an indirectly wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Trust and the Products, subject to the provisions of the Trust Deed.

The Trustee may from time to time appoint such person or persons as it thinks fit (including, without limitation, any of its Connected Persons) to hold as custodian, nominee, agent or delegate, all or any of the investments, assets or other property comprised in the Trust Fund or any of the Products and may empower any such custodian, nominee, agent or delegate to appoint, with the prior consent in writing of the Trustee, co-custodians and/or sub-custodians (each such custodian, nominee, agent, delegate, co-custodian and sub-custodian a "Correspondent"). The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and monitoring of Correspondents and (b) be satisfied that Correspondents retained remain suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Products. The Trustee shall be responsible for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee, but provided that the Trustee has discharged its obligations set out in (a) and (b) as set out in this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a Connected Person of the Trustee.

The Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of Euro-clear Clearing System Limited or Clearstream Banking S.A. or any other recognised depositary or clearing system which may from time to time be approved by the Trustee and the Manager.

Subject as provided in the Trust Deed, the Trustee shall not be liable for losses caused by the performance of investments made by the Trust and/or any Product.

Subject as provided in the Trust Deed, the Trustee is entitled to be indemnified from the assets of the Trust and/or each Product from and against any and all actions, proceedings, liabilities, costs, claims, damages, expenses, including all reasonable legal, professional and other similar expenses (other than those imposed under Hong Kong law or resulting from breaches of trust through fraud or negligence on the part of the Trustee or any of its officers, employees, agents or delegates for which the Trustee would be liable under the Trust Deed), which may be incurred by or asserted against the Trustee in performing its obligations or duties in connection with the Trust or a Product. Subject to applicable law and the provisions of the Trust Deed, the Trustee shall not, in the absence of fraud, negligence or wilful default by it or any agent, sub-custodian or delegate appointed by the Trustee, be liable for any losses, costs or damage to the Trust, any Product or any Unitholder.

The Trustee in no way acts as guarantor or offeror of the Units or any underlying investment. The Trustee has no responsibility or authority to make investment decisions, or render investment advice with respect to the Trust or the Products, which is the sole responsibility of the Manager.

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

The appointment of the Trustee may be terminated in the circumstances set out in the Trust Deed.

The Trustee is entitled to the fees set out under the section on "Fees and expenses payable by a Product" and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

The Manager has sole responsibility for making investment decisions in relation to the Trust and/or the Products and the Trustee (including its delegate) is not responsible and has no liability for any investment decision made by the Manager. Except as provided in the Trust Deed or expressly stated in this Prospectus and/or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be involved in the business affairs, organisation, sponsorship or investment management of the Trust or the Product(s), and they are not responsible for the preparation or issue of this Prospectus other than the description under the section on "The Trustee and Registrar".

The Service Agent

HK Conversion Agency Services Limited acts as Service Agent under the terms of each Service Agreement entered into among the Manager, the Trustee and Registrar, the Participating Dealer, the Service Agent and HKSCC. The Service Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in the Product by Participating Dealers.

The Auditor

The Manager has appointed Deloitte Touche Tohmatsu to act as the auditor of the Trust and the Products (the "Auditor"). The Auditor is independent of the Manager and the Trustee.

The Participating Dealer

A Participating Dealer may act for its own account or for your account as its clients in making cash Creation Applications and cash Redemption Applications. Different Products may have different Participating Dealers. The latest list of the Participating Dealers in respect of each Product is available at www.samsungetf.com.hk (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC).

The Market Maker

A Market Maker is a broker or dealer permitted by the SEHK to make a market for the Units in the secondary market and whose obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for the Units on the SEHK. Market Makers facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required, in accordance with the market making requirements of the SEHK.

Subject to applicable regulatory requirements, the Manager will use its best endeavours to put in place arrangements so that there is at all times at least one Market Maker for Units. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager will endeavour to ensure that there is at least one other Market Maker per Product to facilitate the efficient trading of Units. The Manager will seek to use its best endeavours to put in place arrangements so that at least one Market Maker per Product will give not less than 3 months' notice prior to terminating market making under the relevant market making agreement. The latest list of Market Makers for each Product is available at www.hkex.com.hk and www.samsungetf.com.hk (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC). Please refer to the section on "Website information" for the warning and the disclaimer regarding information contained in such website.

The Listing Agent

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

Product's listing on the SEHK. The Listing Agent is a licensed corporation which holds, amongst others, a Type 6 (advising on corporate finance) regulated activity licence under the SFO with CE Number AGH102.

Conflicts of interest and soft dollars

The Manager and the Trustee may, from time to time, act as manager, sub-investment manager, investment delegate, trustee or custodian or in such other capacity in connection with any collective investment scheme separate and distinct from the Trust and the Products and retain any profit or benefit made in connection therewith.

In addition:

(a) the Manager or any of its Connected Persons may purchase and sell investments for the account of a Product as agent for the Product or deal with a Product as principal with the prior written approval of the Trustee;

(b) the Trustee, the Manager and any of their respective Connected Persons may contract or enter into any financial, banking or other transaction with one another or with any Unitholder or any company or body any of whose shares or securities form part of the relevant Product's assets;

(c) the Trustee or the Manager or any of their respective Connected Persons may become the owner of Units and hold, dispose or otherwise deal with them with the same rights which it would have had if it had not been the Trustee or the Manager or any of their Connected Persons;

(d) the Trustee, the Manager and any of their respective Connected Persons may buy, hold and deal in any securities, commodities or other property for their own account or for the account of their other customers notwithstanding that similar securities, commodities or other property may be held by the relevant Product;

(e) any arrangements for the borrowing or deposit of any monies for the account of a Product may be made with any of the Trustee, the Manager, any investment delegate or any of their respective Connected Persons being a banker or other financial institution provided that such person shall charge or pay (as the case may be) interest or fees at a rate or amount no higher (in the case of a borrowing) or lower (in the case of a deposit) than the prevailing rates or amounts for transactions of a similar type, size and term, in the same currency and with institutions of similar standing, negotiated at arm's length in accordance with ordinary and normal course of business. Any such deposits shall be maintained in a manner that is in the best interests of the Unitholders; and

(f) neither the Trustee nor the Manager nor any of their respective Connected Persons shall be liable to account to each other or to any Product or to the Unitholders for any profits or benefits made or derived from or in connection with any such transaction mentioned above.

It is, therefore, possible that any of the Trustee, the Manager or any of their Connected Persons may, in the course of business, have potential conflicts of interest with a Product. Each will, at all times, have regard in such event to its obligations to the relevant Product and the Unitholders and will endeavour to ensure that such conflicts are resolved fairly.

Subject to applicable rules and regulations, the Manager, its delegate or any of their respective Connected Persons may enter into portfolio transactions for or with a Product as agent in accordance with normal market practice, provided that commissions charged to the Product in these circumstances do not exceed customary full service brokerage rates. If a broker does not provide research or other lawful services in addition to brokerage execution, such broker will generally charge a brokerage commission that is discounted from customary full service brokerage rates. Where the Manager invests a Product in shares or units of a collective investment scheme managed by the Manager, its delegates or any of their respective Connected Persons, the manager of the scheme in which the investment is being made by the Product must waive any preliminary or initial charge which it is entitled to charge for its own account in relation to the acquisition of shares or units and there must be no increase in the overall total of annual management fees (or other costs and charges payable to the Manager or any of its Connected Persons) borne by the relevant Product.

None of the Manager, any investment delegates or any of their respective Connected Persons of each shall, retain any cash commission rebates or other payment or benefit (except as otherwise provided for in this Prospectus or in the Trust Deed) received from a third party (either directly or indirectly) arising out of the sale or purchase or loan of investments for any Product, and any such rebates or payments or benefits which are received shall be credited to the account of the relevant Product.

The Manager, its delegates (including any investment delegate) or any of their respective Connected Persons may receive, and are entitled to retain, goods, services or other benefits, such as research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publication (known as soft dollar benefits) which are of demonstrable benefit to a Product as a whole and may contribute to an improvement in the performance of the relevant Product or of the Manager and/or any of its Connected Persons in providing services to the relevant Product (as may be permitted under the Code, applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out ("brokers") provided that the quality of transaction execution is consistent with best execution standards and the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. Details of soft commission arrangements will be disclosed in the relevant Product's annual report.

The services of the Trustee provided to the Trust and the Products are not deemed to be exclusive and the Trustee shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other monies payable thereby and the Trustee shall not be deemed to be affected with notice of or to be under any duty to disclose to the Products any fact or thing which comes to the notice of the Trustee in the course of the Trustee rendering similar services to others or in the course of its business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties under the Trust Deed.

Conflicts of interest may also arise due to the widespread business operations of the Manager, the Trustee and Registrar and the Service Agent and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Products will be on arm's length terms and in the best interests of Unitholders. For so long as any Product is authorised by the SFC and it is an applicable requirement of the Code, the Manager, if transacting with brokers or dealers connected to the Manager, any investment delegates, the Trustee or any of their respective Connected Persons, must ensure it complies with the following obligations:

(a) such transactions should be on arm's length terms;

(b) it must 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) the Manager must 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 annual financial statements of the relevant Product.

STATUTORY AND GENERAL INFORMATION

Financial reports

The financial year-end of the Trust (and each Product) is 31 March every year. Audited annual financial reports are to be prepared (in accordance with IFRS) and published on the Manager's website within 4 months of each financial year-end. Half-yearly unaudited reports are also to be prepared up to 30 September of each year and published on the Manager's website within 2 months of such date. Once these financial reports are made available on the Manager's website, investors will be notified within the relevant timeframe.

Only an English version of the audited annual financial reports and the half-yearly unaudited financial reports of the Products will be available. Printed copies may be requested free of charge from the Manager by contacting it, as described below under "Notices".

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

Trust Deed

The Trust and each Product were established under Hong Kong law by the Trust Deed made between the Manager and the Trustee. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager out of the assets of the Trust Fund and their relief from liability in certain circumstances (summarised below in "Indemnities of the Trustee and Manager"). Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the Trust Fund in respect of any action, costs, claims, damages, expenses or demands arising directly or indirectly from the proper performance of the Products. Nothing in the Trust Deed may provide that either the Trustee or the Manager (as the case may be) can be exempted from any liability to Unitholders imposed under Hong Kong law in relation to its duties or breaches of trust through fraud or negligence nor may they be indemnified against such liability by Unitholders or at Unitholders' expense.

Liability of Unitholders

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

Modification of the Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such proposed modification, alteration or addition (i) does not materially prejudice the interests of Unitholders in any Product, does not operate to release to any material extent the Trustee or the Manager or any other person from any liability to the Unitholders and (with the exception of the costs, charges, fees and expenses incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Product(s) or (ii) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law) or (iii) is made to correct a manifest error. In all other cases involving any material changes, modifications, alterations and additions require the sanction of an extraordinary resolution of the Unitholders affected. The SFC must (where such approval is required) also give its prior approval to all such amendments to the Trust Deed.

The Manager will notify affected Unitholders of the amendments as soon as practicable in advance of such amendments having effect or after they are made if such notification is required by the SFC or the Code.

Meetings of Unitholders

Proxies may be appointed. A Unitholder who is the holder of two or more Units may appoint more than one proxy to represent him and vote on his behalf at any meeting of the Unitholders. If a clearing house (or its nominee(s)), being a corporation, is a Unitholder, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Unitholders provided that, if more than one person is so authorised, the authorisation shall specify the number and class of Units in respect of which each such representative is so authorised. Each person so authorised shall be deemed to have been duly authorised without further evidence of the facts and shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person were the registered Unitholder of the Units held by the clearing house (or its nominee(s)), including the right to vote individually on a poll.

Voting rights

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing at least 10% of the Units in issue, on not less than 21 calendar days' notice.

These meetings may be used to modify the terms of the Trust Deed, including increasing the maximum fees payable to the service providers, removing the Manager or terminating the Product(s) at any time. Such amendments to the Trust Deed must be considered by Unitholders of at least 25% of the Units in issue and passed by a 75% majority of the votes cast.

Other matters that require an ordinary resolution being passed would be considered by Unitholders of at least 10% of the Units in issue and passed by a simple majority (i.e. more than 50%) of the votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders holding Units of different classes where only the interests of Unitholders of such class are affected.

Termination

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets and not discharged within 60 days or (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily or (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders or (iv) a law is passed that renders it illegal or in the opinion of the Trustee and the Manager, impracticable or inadvisable to continue the Trust or (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated by the Trustee shall fail to be approved by extraordinary resolution or (vi) if the Trustee notifies the Manager in writing of its intention to retire and no suitable person willing to act as trustee has been identified by the Manager within 60 days of the Trustee's notice.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Product outstanding is less than HKD150 million (or such other amounts as specified in the supplemental deed establishing the relevant Product); (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue the Trust; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate a Product if: (i) after one year from the date of establishment of the Product, the aggregate Net Asset Value of all the Units in the relevant Product outstanding is less than HKD150 million or such other amount as specified in the Appendix; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Product and which renders the relevant Product illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue that Product; (iii) its Index is no longer available for benchmarking or if the Units of the relevant Product are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager; (iv) at any time, the relevant Product ceases to have any Participating Dealer; (v) the Manager is unable to implement its investment strategy; or (vi) there are no Market Makers for the relevant Product. Further, the Unitholders may at any time authorise termination of the Trust or the relevant Product(s) by extraordinary resolution.

The Trustee may, in its absolute discretion, by notice in writing to the Manager, terminate a Product if: (i) the Trustee forms the opinion for good and sufficient reason that the Manager is incapable of performing its duties satisfactorily in respect of the relevant Product; (ii) the Trustee forms the opinion for good and sufficient reason that the Manager has failed to perform its duties satisfactorily in respect of the relevant Product or has done something calculated to bring the relevant Product into disrepute or that is harmful to the interests of Unitholders of the relevant Product(s); or (iii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Product and which renders the relevant Product illegal or in the good faith opinion of the Trustee makes it impracticable or inadvisable to continue the relevant Product.

Notice of the termination of the Trust or the Product(s) will be given to the Unitholders after the SFC has approved the notice. The notice will contain the reasons for the termination, the consequences to Unitholders of terminating the Trust or the relevant Product(s) and the alternatives available to them, and any other information required by the Code. Any unclaimed proceeds or other monies held by the Trustee in the event of a termination may at the expiration of 12 calendar months from the date upon which the same became payable be paid into court, subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

Distribution policy

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

Inspection of documents

Copies of the following documents in respect of each Product are available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager (at a cost of HKD150 per set of copy documents (other than (d) which may be obtained free of charge):

(a) Trust Deed;

(b) Service Agreement(s);

(c) Participation Agreement(s); and

(d) The most recent annual financial statements of the Trust and the Product(s) (if any) and the most recent interim financial statements of the Trust and the Product(s) (if any).

Part XV of the SFO

Part XV of the SFO sets out the Hong Kong disclosure of interests' regime applicable to Hong Kong listed companies. The regime does not apply to unit trusts that are listed on the SEHK like the Trust. Consequently, Unitholders are not obliged to disclose their interest in the Product.

Anti-money laundering regulations

As part of the Manager's, the Trustee's and the Participating Dealer's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee, the Product(s) or the relevant Participating Dealer is subject, the Manager, the Registrar, the Trustee or the relevant Participating Dealer may require a detailed verification of an investor's identity and the source of payment of any applications for Units. Depending on the circumstances of each application, a detailed verification might not be required by the Manager or the Trustee where:

(a) the investor makes the payment from an account held in the investor's name at a recognised financial institution; or

(b) the application is made through a recognised intermediary.

These exceptions apply only if the financial institution or intermediary is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

Certification for Compliance with FATCA or Other Applicable Laws

Each Unitholder (i) will be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Trust or a Product (a) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate or exemption of withholding or backup withholding in any jurisdiction from or through which the Trust or a Product receives payments and/or (b) to satisfy reporting or other obligations under IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

Power to Disclose Information to Authorities

Subject to applicable laws and regulations in Hong Kong, the Manager, the Trustee or any of their authorised person (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the IRS and the IRD), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, jurisdiction of birth, tax residence, tax identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, account balance/value, and income or sale or redemption proceeds, to enable the Product to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law (including any law, rule and requirement relating to AEOI (as defined below)), regulation or agreement under FATCA).

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") was gazetted on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI comprise, among others, the model Competent Authority Agreement ("CAA") and Common Reporting Standard ("CRS"). In addition, the IRD published guidance for financial institutions ("FIs") on 9 September 2016 to assist them in complying with the CRS obligations. The AEOI requires FIs in Hong Kong to collect certain information relating to non-Hong Kong tax residents holding financial accounts with the FIs, and report such information to the IRD for the purpose of automatic exchange. Generally, the information will be reported and automatically exchanged in respect of account holders that are tax residents in a partner jurisdiction(s) with which Hong Kong has a CAA in force; however, a Product and/or its agents may further collect information relating to the residents of other jurisdictions.

The Trust is required to comply with the requirements of the Ordinance, which means that the Trust and/or its agents shall collect and provide to the IRD the required information relating to Unitholders and prospective investors.

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

By investing in a Product and/or continuing to invest in a Product, Unitholders acknowledge that they may be required to provide additional information to the Trust, the Manager and/or its agents in order for the Trust to comply with the Ordinance. The Unitholder's information (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), may be transmitted by the IRD to the government authorities in the relevant overseas jurisdictions.

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

Liquidity Risk Management

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

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

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

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

Index licence agreements

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

Material changes to an Index

The SFC should be consulted on any events that may affect the acceptability of an Index. Significant events relating to an Index will be notified to the Unitholders of the relevant Product as soon as practicable. These may include a change in the methodology/rules for compiling or calculating the Index, or a change in the objective or characteristics of the Index.

Replacement of an Index

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

(a) the relevant Index ceasing to exist;

(b) the licence to use the Index being terminated;

(c) a new index becoming available that supersedes the existing Index;

(d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Index;

(e) investing in the Securities and/or Futures Contracts comprised within the Index becomes difficult;

(f) the Index Provider increasing its licence fees to a level considered too high by the Manager;

(g) the quality (including accuracy and availability of the data) of the Index having in the opinion of the Manager, deteriorated;

(h) a significant modification of the formula or calculation method of the Index rendering that index unacceptable in the opinion of the Manager; and

(i) the instruments and techniques used for efficient portfolio management not being available.

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

Information available on the Internet

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

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

(b) the latest annual financial reports and interim unaudited financial reports (in English only);

(c) any notices relating to material changes to any Product which may have an impact on its investor such as material alterations or additions to this Prospectus or the Product's constitutive documents;

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

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

(f) the last Net Asset Value of each Product as well as the last Net Asset Value per Unit of the Product in HKD (updated on a daily basis);

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

(h) the past performance information of each Product;

(i) the full portfolio information of each Product (updated on a Daily basis unless otherwise specified in the relevant Appendix);

(j) in respect of a Product tracking the leveraged or inverse performance of an Index, a "performance simulator" of the Product which allows investors to select a historical time period and simulate the performance of the Product during that period based on historical data;

(k) the composition of dividends for each relevant Product (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital), if any, for a rolling 12-month period; and

(l) the latest list of the Participating Dealers and Market Makers for each Product.

The near real-time indicative Net Asset Value per Unit in HKD is updated during SEHK trading hours. Real-time updates about the Index can be obtained through other financial data vendors. Investors should obtain additional and the latest updated information about the Index (including without limitation, a description of the way in which the Index is calculated, any change in the composition of the Index, any change in the method for compiling and calculating the Index) via the Manager's website at www.samsungetf.com.hk and the Index Provider's website (neither of which, nor any other website referred to in this Prospectus, has been reviewed by the SFC). Please refer to the section on "Website information" for the warning and the disclaimer regarding information contained in such website.

Notices

All notices and communications to the Manager and Trustee should be made in writing and sent to the following addresses:

Manager

Samsung Asset Management (Hong Kong) Limited
三星資產運用(香港)有限公司
4513-14, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Trustee

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

Website information

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the Manager or the Trustee accepts any responsibility for ensuring that the information contained in such other websites and sources, if available, is accurate, complete and/or up-to-date, and no liability is accepted by the Manager and the Trustee in relation to any person's use of or reliance on the information contained in these other websites and sources save, in respect of the Manager, its website www.samsungetf.com.hk (the contents of which and of other websites referred to in this Prospectus have not been reviewed by the SFC). The information and materials included in these websites have not been reviewed by the SFC or any regulatory body. You should exercise an appropriate degree of caution when assessing the value of such information.

TAXATION

The following summary of Hong Kong taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong at the date of this Prospectus. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Prospectus. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below. Investors should refer to additional summaries of applicable taxation, where appropriate, as set out in the relevant Appendix.

Taxation of the Trust and Products

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

Taxation of the Unitholders

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

Distributions by the Trust/Products should generally not be subject to Hong Kong profits tax in the hands of the Unitholders according to the practice of the IRD (as at the date of this Prospectus).

Stamp duty

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

Under a remission order issued by the Secretary for the Treasury on 20 October 1999, no Hong Kong stamp duty is payable on an issue or redemption of Units.

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

FATCA and compliance with US withholding requirements

The US Hiring Incentives to Restore Employment Act (the “HIRE Act”) was signed into US law in March 2010 and includes certain provisions commonly referred to as the “Foreign Account Tax Compliance Act” or “FATCA”. Broadly, the FATCA provisions are set out in sections 1471 to 1474 of the US Internal Revenue Code of 1986, as amended (the “Revenue Code”), which impose a reporting regime on foreign financial institutions (“FFIs”) such as the Trust and each Product with respect to certain payments including interest and dividends received and gross proceeds derived from the sale of certain financial assets. All such payments may be subject to FATCA withholding at a rate of 30%, unless the recipient of the payment satisfies certain requirements intended to enable the IRS to identify US persons (within the meaning of the Revenue Code) ("US persons") with interests in such payment. To avoid FATCA withholding on payments made to it, FFIs (including banks, brokers, custodians and investment funds), such as the Trust and each Product will be required to enter into an agreement (an "FFI Agreement") with the IRS to be treated as a participating FFI. Participating FFIs are required to identify all investors that are US persons and report certain information concerning such US persons to the IRS annually. The FFI Agreement will also generally require a participating FFI to deduct and withhold 30% from certain payments made by the participating FFI to investors who fail to cooperate with certain information requests made by the participating FFI or do not consent to FATCA reporting and disclosure to the IRS (referred to as "recalcitrant account holders") and may be required to close accounts of such account holders. Moreover, participating FFIs are required to deduct and withhold such payments made to investors that are themselves FFIs but are not compliant with FATCA.

FATCA withholding applies to (i) payments of US source income, including US source dividends and interest, made after 30 June 2014; and (ii) payments of gross proceeds of sale or other disposal of property that can produce US source interest or dividend income after 31 December 2018. The 30% withholding could also apply to payments otherwise attributable to US source income (also known as "foreign passthru payments") from 1 January 2019 at the earliest. Withholding agents (which includes participating FFIs) will generally be required to begin withholding withholdable payments made after 30 June 2014.

The US and a number of other jurisdictions have entered into intergovernmental agreements ("IGAs"). The US Department of the Treasury and Hong Kong have signed an intergovernmental agreement (the "Hong Kong IGA") based on the Model 2 format ("Model 2 IGA"). The Model 2 IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the IRS. Under the Hong Kong IGA, an FFI (including the Trust and the Products) will not be required to impose FATCA withholding at 30% on payments made to recalcitrant account holders or close the accounts of such account holders (provided information regarding such account holders is reported to the IRS as required). Withholding may apply to withholdable payments covered by FATCA if the Trust and each Product cannot satisfy the applicable requirements and is determined to be non-FATCA compliant or if the Hong Kong government is found in breach of the terms of the agreed IGA.

The Trust has been registered with the IRS as a reporting single FFI with Global Intermediary Identification Number AWTRBM.99999.SL.344. In order to protect Unitholders and avoid being subject to withholding under FATCA, it is the Trust's, each Product's and the Manager's intention to endeavour to satisfy the requirements imposed under FATCA. Hence it is possible that this may require the Trust and each Product (through its agents or service providers) as far as legally permitted, to report information on the holdings or investment returns of any Unitholder to the IRS or the local authorities pursuant to the terms of the IGA (as the case may be), including certain Unitholders who fail to provide the information and documents required to identify their status, or who are non-FATCA compliant financial institutions or who fall within other categories specified in the FATCA provisions and regulations.

The Manager has obtained competent tax advice confirming that the Products do not need to be registered with the IRS and that the registration of the Trust with the IRS satisfies the FATCA requirements.

Although the Manager, the Trust and the Products will attempt to satisfy any obligations imposed by FATCA on them to avoid the imposition of FATCA withholding tax, no assurance can be given that the Manager, the Trust and the Products will be able to fully satisfy these obligations. If any Product becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of such Product may be adversely affected and such Product and its Unitholders may suffer material loss.

The FATCA provisions are complex and their application is uncertain at this time. The above description is based in part on regulations, official guidance, the Hong Kong IGA and model IGAs, all of which are subject to change or may be implemented in a materially different form. Nothing in this section constitutes or purports to constitute tax advice and Unitholders should not rely on any information set out in this section for the purposes of making any investment decision, tax decision or otherwise. All Unitholders should therefore consult their own tax and professional advisers regarding the FATCA requirements, possible implications and related tax consequences with respect to their own situation. In particular, Unitholders who hold their Units through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer the above mentioned withholding tax on their investment returns.

PART 2 – SPECIFIC INFORMATION RELATING TO EACH PRODUCT

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

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

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

APPENDIX 1: SAMSUNG HSI DAILY (2X) LEVERAGED PRODUCT

Key information

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

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index
Index	Hang Seng Index (HSI)
Listing Date (SEHK)	14 March 2017
Exchange Listing	SEHK – Main Board
Stock Code	07205
Short Stock Name	FL2SAMSUNGHSI
Trading Board Lot Size	200 Units
Base Currency	Hong Kong dollars (HKD)
Trading Currency	HKD only
Distribution Policy	Annually (usually in March of each year) (if any) in HKD subject to the Manager's discretion. Distributions may not be paid if the cost of the Product's operations is higher than the yield from management of the Product's cash and holdings of investment products. Furthermore, distributions may be paid out of capital or out of gross income while all or part of fees and expenses may be charged to capital at the Manager's discretion resulting in an increase in distributable income for the payment of distributions and therefore distributions may be paid effectively out of capital.
Creation/Redemption Policy	Cash (HKD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 300,000 Units (or multiples thereof)
Participating Dealers*	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services China Merchants Securities (HK) Co., Limited Citigroup Global Markets Asia Limited Guotai Junan Securities (Hong Kong) Ltd Haitong International Securities Company Ltd Mirae Asset Securities (HK) Limited Nomura International (Hong Kong) Limited

	Yue Kun Research Limited CGS-CIMB Securities Limited CLSA Limited UBS Securities Hong Kong Limited Deutsche Securities Asia Limited Goldman Sachs (Asia) Securities Limited Canfield Securities Company Limited
Market Makers*	SG Securities (HK) Limited Head & Shoulders Securities Limited IMC Asia Pacific Limited Mirae Asset Securities (HK) Limited Optiver Trading Hong Kong Ltd Flow Traders Hong Kong Limited
Ongoing Charges Over a Year (Annual Average Daily Ongoing Charges***)**	1.22% (0.0050%)
Management Fee	Currently 0.65% per year of the Net Asset Value
Financial Year End	31 March
Website	www.samsungetf.com.hk (this website has not been reviewed by the SFC)

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for the Product.*

** *The ongoing charges figure is an annualized figure based on expenses reported in the Product's audited financial report for the year ended 31 March 2019. It does not represent the estimated tracking error and may vary from year to year.*

*** *The annual average daily ongoing charges figure is equal to the ongoing charges figure divided by the number of dealing days for the year ended 31 March 2019. It does not represent the estimated annual average daily tracking error and may vary from year to year.*

What is the investment objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index. There can be no assurance that the Product will achieve its investment objective. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

What is the investment strategy?

In seeking to achieve the Product's investment objective, the Manager adopts a futures-based replication investment strategy through investing directly in the spot month Futures Contracts on the Index ("HSI Futures Contracts"), subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering into the spot month HSI Futures Contracts, the Manager anticipates that no more than 20% of the Net Asset Value of the Product from time to time will be used as margin to acquire HSI Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange during extreme market turbulence), the margin requirement may increase substantially.

Not less than 70% of the Net Asset Value of the Product (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and SFC authorised money market funds in accordance with the requirements of the Code. Yield in HKD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to Unitholders in HKD. In addition, the Product may invest up to 10% of its Net Asset Value in exchange traded fund(s) authorised by the SFC and listed in Hong Kong, the investment objective of which is/are to track the performance of the Index and which is/are not managed by the Manager ("HSI ETFs"). Investments in exchange traded funds by the Product are considered and treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of the Code.

The Manager will not invest the Product in any FDIs (including structured products or instruments) other than HSI Futures Contracts for hedging or non-hedging (i.e. investment) purposes or engage in any Securities Lending Transactions, Sale and Repurchase Transactions and Reverse Repurchase Transactions or other similar over-the-counter transactions.

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

Use of derivatives

The Product's net derivative exposure may be more than 100% of the Product's Net Asset Value.

Daily rebalancing of the Product

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

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

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

** The above figures are calculated before fees and expenses.*

Futures roll

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

What are HSI Futures Contracts?

HSI Futures Contracts

HSI Futures Contracts (commonly known as "HSI futures" in Hong Kong), are equity index products and major products of HKEx's derivatives market in terms of trading volume. Hong Kong Futures Exchange Limited, a wholly-owned subsidiary of HKEx, first introduced HSI Futures Contracts in May 1986. The underlying asset of HSI Futures Contracts is the HSI.

HSI Futures Contracts have the following key specifications:

Underlying index	HSI
Exchange	Hong Kong Futures Exchange Limited (HKFE)
Clearing	HKFE Clearing Corporation Limited (HKCC)
Trading hours (Hong Kong Time)	• Morning Session: 09:15 - 12:00 (Pre-Market Opening Period: 08:45 - 09:15) • Afternoon Session: 13:00 - 16:30 (Pre-Market Opening Period: 12:30 - 13:00) • After-Hours Trading Session: 17:15 - 23:45 (Expiring contract month closes at 16:00 on the Last Trading Day)
Contract months	Spot Month, the next calendar month, and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)
Last trading day	The Business Day immediately preceding the last Business Day of the Contract Month
Contract unit	Index x HKD50
Tick size	1 point, representing a value of HKD50

Contract value (as at 22 September 2017)	HKD1,389,200 (Contract month of September 2017)
Margin (as at 22 September 2017)	• Initial margin: HKD91,570 • Maintenance margin: HKD73,256
Settlement method	Cash settled contract of difference
Final settlement price	The average of quotations taken at (i) five (5) minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of the SEHK; and (ii) the close of trading on the SEHK on the Last Trading Day
Position limit	10,000 position delta for long or short (on a net basis) combined in all contract months. The position limit applies to any person including the Manager, i.e. the Manager cannot hold or control HSI Futures Contracts over this limit.
Large Open Positions	The Securities and Futures (Contracts Limits and Reportable Position) Rules requires a person holding or controlling a reportable position (or a "Large Open Position") of HSI Futures Contracts to notify the HKFE of that reportable position in writing. The level of Large Open Position is as follows: • 500 open contracts, in any one contract month, per exchange participant for the exchange participant's own behalf; and • 500 open contracts, in any one contract month, per client
Volatility Control Mechanism (VCM)	A price limit VCM model is implemented for the HSI Futures Contracts market, under which a cooling-off period will be triggered by abrupt price volatility detected at the instrument level: • The VCM is triggered and a 5-minute cooling-off period will start if the price of a HSI Futures Contract deviates by more than 5% from the last traded price 5 minutes ago (the "VCM Reference Price"). • During the 5-minute cooling-off period, trading for the HSI Futures Contracts will continue within a fixed price band (±5% from the VCM Reference Price). • Normal trading without restriction will resume after the cooling-off period.

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

HSI Futures Contracts have the following characteristics:

(a) The underlying asset (the HSI) is a benchmark for the performance of Hong Kong-listed stocks. Since the HSI is widely used as a benchmark for the performance of Hong Kong-listed stocks, HSI Futures Contracts can be used as a hedging tool by investors to manage their risks from exposure to the Hong Kong stock market. Investors can also buy or sell HSI Futures Contracts for pure directional trading whenever they are bullish or bearish about the Hong Kong stock market.

(b) HSI Futures Contracts are leveraged because they are traded on a margin basis. The margin to carry an open position is only a small percentage (up to approximately 10%) of the HSI Futures Contract's value.

(c) As the total value of high-capitalisation stocks represented in each HSI Futures Contract is substantial and as commission is only charged once for each transaction in Futures

Contracts, transaction costs are considered low compared to purchasing or selling the constituent stocks.

(d) As with other Futures Contracts traded on HKFE, HSI Futures Contracts are registered, cleared and guaranteed by the HKFE Clearing Corporation Limited ("HKCC"), a wholly-owned subsidiary of HKFE. HKCC acts as the counterparty to all open contracts, which effectively eliminates counterparty risks between HKCC participants.

Futures liquidity

For the year 2016, the daily average turnover for the spot month HSI Futures Contracts is HKD121.72 billion and the daily average open interest of the spot month HSI Futures Contracts is HKD110.33 billion. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as a leveraged product tracking the Index.

What is the Index?

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

General information on the Index

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

The Index adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on individual constituent weightings. The Index has four sub-indices, being finance, commerce and industry, properties and utilities, and each constituent belongs to one of these sub-indices based on the industry classification of the Hang Seng Industry Classification System.

The Index is a price index without adjustments for cash dividends or warrant bonuses.

As at 31 March 2020, it comprised 50 constituent stocks with total market capitalisation of approximately HKD15,689,289million.

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

The Index is denominated in HKD.

Index Provider

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

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

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

Index methodology

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

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

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

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

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

Constituent eligibility

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

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

(a) Market capitalisation requirement

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

(b) Turnover requirement

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

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

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

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

(c) Listing history requirement

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

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

(d) Special requirement for H-share companies

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

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

(a) Market capitalisation and turnover rank of securities;

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

(c) Financial performance.

Index reviews

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

Index rebalancing

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

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

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

Index constituents

You can obtain the list of the constituents of the Index, their respective weightings and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.hsi.com.hk (this website has not been reviewed by the SFC).

Index codes

Bloomberg code: HSI
Reuters code: .HSI

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

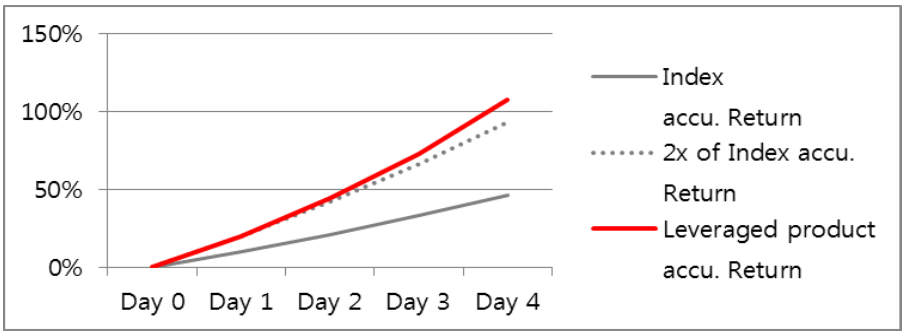
The Product's objective is to provide returns which are of a predetermined leverage factor (2x) of the Daily performance of the Index. As such, the Product's performance may not track twice the cumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by 200% generally will not equal the Product's performance over that same period. It is also expected that the Product will underperform the return of 200% of the Index in a trendless or flat market. This is caused by compounding, which is the cumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the cumulative Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical HKD10 investment in the Product.

Scenario I: Continuous upward trend

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

	Index Daily return	Index level	Index cumulative return	Leveraged product Daily return	Leveraged product NAV	Cumulative performance - Leveraged product	Cumulative performance - 2x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	10%	110.00	10%	20%	HKD12.00	20%	20%
Day 2	10%	121.00	21%	20%	HKD14.40	44%	42%
Day 3	10%	133.10	33%	20%	HKD17.28	73%	66%
Day 4	10%	146.41	46%	20%	HKD20.74	107%	93%

The chart below further illustrates the difference between the Product's performance versus twice the cumulative Index return in a continuous upward market trend over a period greater than 1 Business Day.

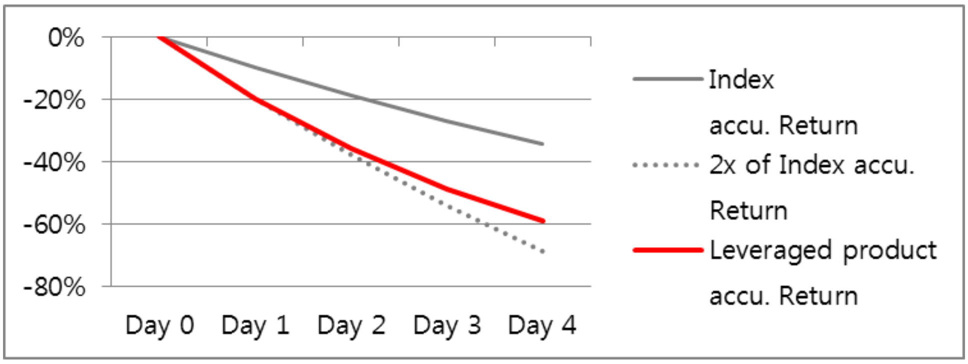


Scenario II: Continuous downward trend

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

	Index Daily return	Index level	Index cumulative return	Leveraged product Daily return	Leveraged product NAV	Cumulative performance - Leveraged product	Cumulative performance - 2x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-10%	90.00	-10%	-20%	HKD8.00	-20%	-20%
Day 2	-10%	81.00	-19%	-20%	HKD6.40	-36%	-38%
Day 3	-10%	72.90	-27%	-20%	HKD5.12	-49%	-54%
Day 4	-10%	65.61	-34%	-20%	HKD4.10	-59%	-69%

The chart below further illustrates the difference between the Product's performance versus twice the cumulative Index return in a continuous downward market trend over a period greater than 1 Business Day.

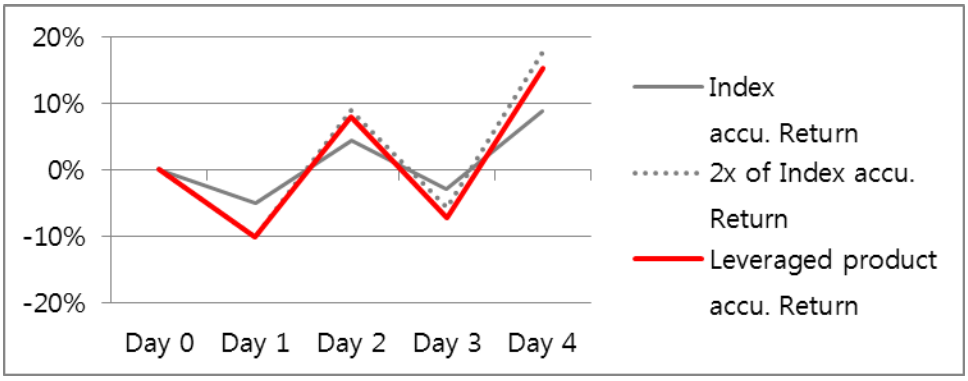


Scenario III: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the cumulative Index return. As illustrated in the scenario below, where the Index grows by 9% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 15%, compared with a 18% gain which is twice the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Leveraged product Daily return	Leveraged product NAV	Cumulative performance - Leveraged product	Cumulative performance - 2x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-5%	95.00	-5%	-10%	HKD9.00	-10%	-10%
Day 2	10%	104.50	5%	20%	HKD10.80	8%	9%
Day 3	-7%	97.19	-3%	-14%	HKD9.29	-7%	-6%
Day 4	12%	108.85	9%	24%	HKD11.52	15%	18%

The chart below further illustrates the difference between the Product's performance versus twice the Index accumulated return in a volatile upward market trend over a period greater than 1 Business Day.

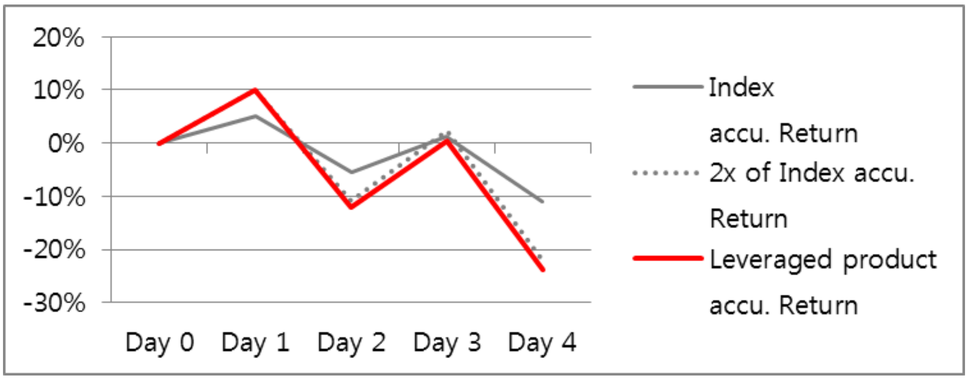


Scenario IV: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the cumulative Index return. As illustrated in the scenario below, where the Index falls by 11% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 24%, compared with a 22% loss which is twice the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Leveraged product Daily return	Leveraged product NAV	Cumulative performance - Leveraged product	Cumulative performance - 2x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	5%	105.00	5%	10%	HKD11.00	10%	10%
Day 2	-10%	94.50	-6%	-20%	HKD8.80	-12%	-11%
Day 3	7%	101.12	1%	14%	HKD10.03	0%	2%
Day 4	-12%	88.98	-11%	-24%	HKD7.62	-24%	-22%

The chart below further illustrates the difference between the Product's performance versus twice the cumulative Index return in a volatile downward market trend over a period greater than 1 Business Day.

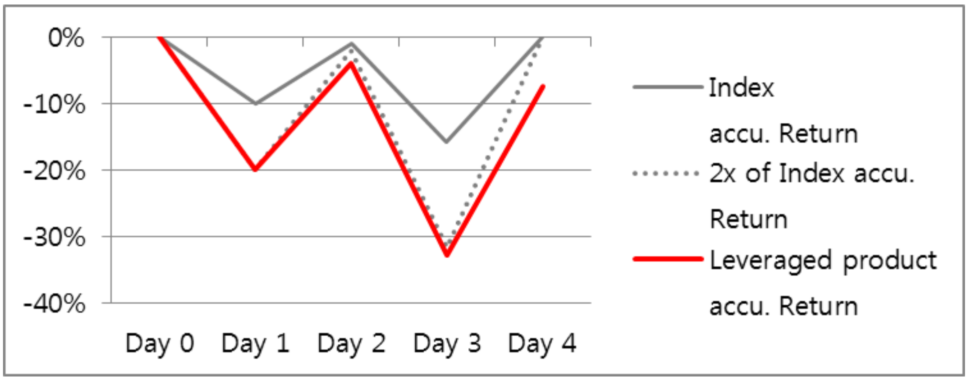


Scenario V: Volatile market with flat index performance

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

	Index Daily return	Index level	Index cumulative return	Leveraged product Daily return	Leveraged product NAV	Cumulative performance - Leveraged product	Cumulative performance - 2x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-10%	90.00	-10%	-20%	HKD8.00	-20%	-20%
Day 2	10%	99.00	-1%	20%	HKD9.60	-4%	-2%
Day 3	-15%	84.15	-16%	-30%	HKD6.72	-33%	-32%
Day 4	19%	100.00	0%	38%	HKD9.25	-7%	0%

The chart below further illustrates the difference between the Product's performance versus twice the cumulative Index return in a volatile market with flat index performance over a period greater than 1 Business Day.



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

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

For further illustration of the Product's performance under different market conditions, investors may access the 'performance simulator' on the Product's website at www.samsungetf.com.hk (this website has not been reviewed by the SFC), which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on path dependency

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

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

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

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

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

Index licence agreement

The term of the licence of the Index commenced on 3 March 2017 and should continue until terminated by either party with at least three months' prior written notice to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

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 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 the Manager in connection with Samsung HSI Daily (2x) Leveraged Product (the "Product"), **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 PRODUCT 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 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 THE MANAGER IN CONNECTION WITH THE PRODUCT; 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 PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT 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 Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product 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.

Creations

The current Dealing Deadline After Listing is 4:00 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

All Creation Applications must be made in cash (in HKD only). Settlement in cash for subscribing

Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

Exchange listing and trading (secondary market)

Dealings on the SEHK in Units traded in HKD began on 14 March 2017. Units are traded on the SEHK in board lots of 200 Units.

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

Redemptions

Units can be redeemed directly (through a Participating Dealer). Redemption proceeds shall be paid in HKD only.

Stamp duty

The Product

Profit tax: As the Product has been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Product arising from the sale or disposal of HSI Futures Contracts, net investment income received by or accruing to the Product and other profits of the Product are exempt from Hong Kong profits tax.

Stamp duty: No Hong Kong stamp duty is payable by the Product on an issue or redemption of Units.

The Unitholders

Profit tax: Hong Kong profits tax is not payable by a Unitholder (other than Unitholders carrying on a trade, profession or business of investing in securities in Hong Kong) on any gains or profits made on the sale, redemption or other disposal of the Units.

Stamp duty: Stamp duty payable in respect of any transfer in the shares or units of an exchange traded fund (as defined in Part 1 of Schedule 8 to the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong)) on the SEHK is not payable. Accordingly transfers of Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

Participating Dealers pay no Hong Kong ad valorem stamp duty when the Product issues or redeems Units.

Distribution policy

Income may be distributed at the Manager's discretion to Unitholders annually (usually in March of each year). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount (in HKD only). Distribution payment rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including general economic conditions. Distributions may not be paid if the cost of the Product's operations is higher than the yield from management of the Product's cash and holding of investment products. There can be no assurance that the Manager will pay distributions for the Product.

The Manager may in its discretion make cash distributions to Unitholders out of capital or out of gross income (while charging/paying all or part of the Product's fees and expenses to/out of the capital of the Product) resulting in an increase in distributable income for the payment of distributions which is in effect a payment of distributions out of capital.

Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset Value per Unit.

The composition of distributions payable on Units (i.e. the relative amounts of distributions paid and the percentages of dividends out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the Manager's website www.samsungetf.com.hk (this website has not been reviewed by the SFC). The Manager may amend the Product's distribution policy with respect to the distributions out of capital or effectively out of capital of the Product subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Borrowing restriction

Borrowing for the account of the Product may only be effected on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

Fees and expenses

Management fee

The Manager is entitled to receive a management fee of up to 0.99% per year of the Net Asset Value of the Product. The current management fee in respect of the Product is 0.65% and is accrued daily and calculated as at each Dealing Day and payable monthly in HKD in arrears. This fee is payable out of the Trust Fund.

Trustee's and Registrar's fees

The Trustee receives out of the assets of the Product a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.08% per year of the Net Asset Value of the Product, subject to a monthly minimum of HKD11,500.

The Registrar is entitled to receive from the Product a registrar fee of HKD160 per Participating Dealer per transaction for updating of the register record of the Product and from the Participating Dealer an administrative transaction fee of HKD3,900 per Participating Dealer per transaction for handling any cash creation and redemption of Units of the Product (payable by the Participating Dealer).

Brokerage rates

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

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

The above rates will amount to approximately 0.15% per annum of the Net Asset Value and may increase to approximately 0.30% per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Since commission is only charged once for each transaction in Futures Contracts, transaction costs are considered low compared to purchasing or selling the physical asset.

Termination amount

The Product may be terminated by the Manager without approval of the Unitholders where the aggregate Net Asset Value of all Units is less than HKD40,000,000.

Risks factors specific to the Product

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

Risks relating to Futures Contracts

Rolling of Futures Contracts risk

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

Contango and backwardation risk

As the HSI Futures Contracts included in the Product’s portfolio come to expiration, they are replaced by contracts that have a later expiration. For example, a contract entered into a long position and held until September may specify a September expiration. As time passes, the contract expiring in September is replaced by a contract for expiration in October. This is accomplished by selling the September contract and entering into a long position of the October contract. This process is referred to as “long rolling”. Excluding other considerations, if the market for these contracts is in “contango”, where the prices are higher in the distant expiration months than in the nearer expiration months, the sale of the September contract would take place at a price that is lower than the price of the October contract. Accordingly sale proceeds when rolling (selling and then buying the HSI Futures Contracts) will not be sufficient to purchase the same number of HSI Futures Contracts which have a higher price, thereby creating a negative “roll yield” which adversely affects the Net Asset Value. By contrast, if the market for these contracts is in “backwardation”, where the prices are lower in the distant expiration months than in the nearer expiration months, the sale of the September contract would take place at a price that is higher than the price of the October contract, thereby creating a positive “roll yield”.

Margin risk

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

Futures Contracts market risks

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

Clearing house's failure risk

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

Regulatory change risk

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

Risks relating to the Product

Long term holding risk

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

Leverage risk

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

Rebalancing activities risk

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

Liquidity risk

The rebalancing activities of the Product will typically take place near the end of a Business Day at or around the close of trading of the underlying markets to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Volatility risk

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

Intraday investment risk

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

Portfolio turnover risk

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

Path dependency

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

Concentration risk

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

Index constituents and Futures Contracts price limit risk

The Product seeks to rebalance its portfolio at or around the close of trading of the underlying markets on each Business Day. The HSI Futures market is subject to a Volatility Control Mechanism ("VCM") under the rules of the HKFE, whereby a 5-minute cooling-off period is triggered if the price of a HSI Futures Contract deviates by more than 5% from the last traded price 5 minutes ago (the "VCM Reference Price"), and during the cooling-off period trading for the HSI Futures Contracts will continue within a fixed price band (±5% from the VCM Reference Price).

The Product's investment objective is to provide investment results that closely correspond to twice (2x) the Daily performance of the Index. Although the Index is an equity index, the Product invests in HSI Futures Contracts. Securities listed on the SEHK such as the constituents of the Index are also subject to a VCM but under the rules of the SEHK, whereby during the continuous trading session, a 5-minute cooling-off period is triggered if price of a security deviates by more than ±10% from the last traded price 5 minutes ago, and trading for that security will only continue within a fixed price band (±10% of the last trading price) during the cooling-off period. There will be a maximum of one VCM trigger in each trading session (morning session and afternoon session are counted as two separate trading sessions). As such, the price movement of the Index may be greater than the HSI Futures Contracts' price movement. If the VCM cooling-off period is triggered at or around the close of trading of the underlying markets on any Business Day, this may result in imperfect Daily rebalancing of the Product.

Trading hour differences risk

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

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

Holding of HSI Futures Contracts restriction in number risk

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

Suspension of creation risk

There can be no assurance that there are sufficient HSI Futures Contracts in the market available to the Product to fully satisfy subscription requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the HSI Futures Contracts, and delay or disruption in execution of trades or in settlement of trades.

Distributions out of or effectively out of capital risk

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

Investment in other funds and HSI ETFs risk

As part of the Product's investment strategy, the Manager will apply not less than 70% of the Net Asset Value for investment in cash and other investment products such as SFC authorised money market funds. The Product may also invest up to 10% of its Net Asset Value in HSI ETF(s). Although such funds will be regulated in Hong Kong, the Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. The Product does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the Net Asset Value of the Product. In particular, as an investor in such funds, the Product will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the Product to the Manager. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Product's redemption requests as and when made.

Reliance on Market Maker risk

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units, it should be noted that the Product may have to be terminated if there is no Market Maker. The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker for the Units will give not less than 3 months' notice prior to terminating market making under the relevant market making agreements.

Appendix dated 29 April 2020

APPENDIX 2: SAMSUNG HSI DAILY (-1X) INVERSE PRODUCT

Key information

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

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) Daily performance of the Index
Index	Hang Seng Index (HSI)
Listing Date (SEHK)	14 March 2017
Exchange Listing	SEHK – Main Board
Stock Code	07312
Short Stock Name	FISAMSUNGHSI
Trading Board Lot Size	200 Units
Base Currency	Hong Kong dollars (HKD)
Trading Currency	HKD only
Distribution Policy	Annually (usually in March of each year) (if any) in HKD subject to the Manager's discretion. Distributions may not be paid if the cost of the Product's operations is higher than the yield from management of the Product's cash and holdings of investment products. Furthermore, distributions may be paid out of capital or out of gross income while all or part of fees and expenses may be charged to capital at the Manager's discretion resulting in an increase in distributable income for the payment of distributions and therefore distributions may be paid effectively out of capital.
Creation/Redemption Policy	Cash (HKD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 300,000 Units (or multiples thereof)
Participating Dealers*	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services China Merchants Securities (HK) Co., Limited Citigroup Global Markets Asia Limited Guotai Junan Securities (Hong Kong) Ltd Haitong International Securities Company Ltd Mirae Asset Securities (HK) Limited Nomura International (Hong Kong) Limited

	Yue Kun Research Limited CGS-CIMB Securities Limited CLSA Limited UBS Securities Hong Kong Limited Deutsche Securities Asia Limited Goldman Sachs (Asia) Securities Limited Canfield Securities Company Limited
Market Makers*	IMC Asia Pacific Limited Mirae Asset Securities (HK) Limited Optiver Trading Hong Kong Ltd Flow Traders Hong Kong Limited Head & Shoulders Securities Limited SG Securiteis (HK) Limited
Ongoing Charges Over a Year (Annual Average Daily Ongoing Charges***)**	1.47% (0.0060%)
Management Fee	Currently 0.65% per year of the Net Asset Value
Financial Year End	31 March
Website	www.samsungetf.com.hk (this website has not been reviewed by the SFC)

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for the Product.*

** *The ongoing charges figure is an annualized figure based on expenses reported in the Product's audited financial report for the year ended 31 March 2019. It does not represent the estimated tracking error and may vary from year to year.*

*** *The annual average daily ongoing charges figure is equal to the ongoing charges figure divided by the number of dealing days for the year ended 31 March 2019. It does not represent the estimated annual average daily tracking error and may vary from year to year.*

What is the investment objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) Daily performance of the Index. There can be no assurance that the Product will achieve its investment objective. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

What is the investment strategy?

In seeking to achieve the Product's investment objective, the Manager adopts a futures-based replication investment strategy through investing directly in the spot month Futures Contracts on the Index ("HSI Futures Contracts"), subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering into the spot month HSI Futures Contracts, the Manager anticipates that no more than 10% of the Net Asset Value of the Product from time to time will be used as margin to acquire HSI Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange during extreme market turbulence), the margin requirement may increase substantially.

Not less than 90% of the Net Asset Value of the Product (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and SFC authorised money market funds in accordance with the requirements of the Code. Yield in HKD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to Unitholders in HKD.

The Manager will not invest the Product in any FDIs (including structured products or instruments) other than HSI Futures Contracts for hedging or non-hedging (i.e. investment) purposes or engage in any Securities Lending Transactions, Sale and Repurchase Transactions and Reverse Repurchase Transactions or other similar over-the-counter transactions.

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

Use of derivatives

The Product's net derivative exposure may be more than 50% but up to 100% of the Product's Net Asset Value.

Daily rebalancing of the Product

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

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

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

**The above figures are calculated before fees and expenses.*

Futures roll

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

What are HSI Futures Contracts?

HSI Futures Contracts

HSI Futures Contracts (commonly known as "HSI futures" in Hong Kong), are equity index products and major products of HKEx's derivatives market in terms of trading volume. Hong Kong Futures Exchange Limited, a wholly-owned subsidiary of HKEx, first introduced HSI Futures Contracts in May 1986. The underlying asset of HSI Futures Contracts is the HSI.

HSI Futures Contracts have the following key specifications:

Underlying index	HSI
Exchange	Hong Kong Futures Exchange Limited (HKFE)
Clearing	HKFE Clearing Corporation Limited (HKCC)
Trading hours (Hong Kong Time)	• Morning Session: 09:15 - 12:00 (Pre-Market Opening Period: 08:45 - 09:15) • Afternoon Session: 13:00 - 16:30 (Pre-Market Opening Period: 12:30 - 13:00) • After-Hours Trading Session: 17:15 - 23:45 (Expiring contract month closes at 16:00 on the Last Trading Day)
Contract months	Spot Month, the next calendar month, and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)
Last trading day	The Business Day immediately preceding the last Business Day of the Contract Month
Contract unit	Index x HKD50
Tick size	1 point, representing a value of HKD50
Contract value (as at 22 September 2017)	HKD1,389,200 (Contract month of September 2017)
Margin (as at 22 September 2017)	• Initial margin: HKD91,570 • Maintenance margin: HKD73,256
Settlement method	Cash settled contract of difference
Final settlement price	The average of quotations taken at (i) five (5) minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of the SEHK; and (ii) the close of trading on the SEHK on the Last Trading Day
Position limit	10,000 position delta for long or short (on a net basis) combined in all contract months. The position limit applies to any person including the Manager, i.e. the Manager cannot hold or control HSI Futures Contracts over this limit.

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

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

HSI Futures Contracts have the following characteristics:

(a) The underlying asset (the HSI) is a benchmark for the performance of Hong Kong-listed stocks. Since the HSI is widely used as a benchmark for the performance of Hong Kong-listed stocks, HSI Futures Contracts can be used as a hedging tool by investors to manage their risks from exposure to the Hong Kong stock market. Investors can also buy or sell HSI Futures Contracts for pure directional trading whenever they are bullish or bearish about the Hong Kong stock market.

(b) HSI Futures Contracts are leveraged because they are traded on a margin basis. The margin to carry an open position is only a small percentage (up to approximately 10%) of the HSI Futures Contract's value.

(c) As the total value of high-capitalisation stocks represented in each HSI Futures Contract is substantial and as commission is only charged once for each transaction in Futures Contracts, transaction costs are considered low compared to purchasing or selling the constituent stocks.

(d) As with other Futures Contracts traded on HKFE, HSI Futures Contracts are registered, cleared and guaranteed by the HKFE Clearing Corporation Limited ("HKCC"), a wholly-owned subsidiary of HKFE. HKCC acts as the counterparty to all open contracts, which effectively eliminates counterparty risks between HKCC participants.

Futures liquidity

For the year 2016, the daily average turnover for the spot month HSI Futures Contracts is HKD121.72 billion and the daily average open interest of the spot month HSI Futures Contracts is HKD110.33 billion. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as an inverse product tracking the Index.

What is the Index?

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

General information on the Index

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

The Index adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on individual constituent weightings. The Index has four sub-indices, being finance, commerce and industry, properties and utilities, and each constituent belongs to one of these sub-indices based on the industry classification of the Hang Seng Industry Classification System.

The Index is a price index without adjustments for cash dividends or warrant bonuses.

As at 31 March 2020, it comprised 50 constituent stocks with total market capitalisation of approximately HKD15,689,289 million.

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

The Index is denominated in HKD.

Index Provider

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

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

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

Index methodology

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

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

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

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

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

Constituent eligibility

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

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

(a) Market capitalisation requirement

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

(b) Turnover requirement

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

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

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

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

(c) Listing history requirement

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

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

(d) Special requirement for H-share companies

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

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

(a) Market capitalisation and turnover rank of securities;

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

(c) Financial performance.

Index reviews

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

Index rebalancing

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

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

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

Index constituents

You can obtain the list of the constituents of the Index, their respective weightings and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.hsi.com.hk (this website has not been reviewed by the SFC).

Index codes

Bloomberg code: HSI
Reuters code: .HSI

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

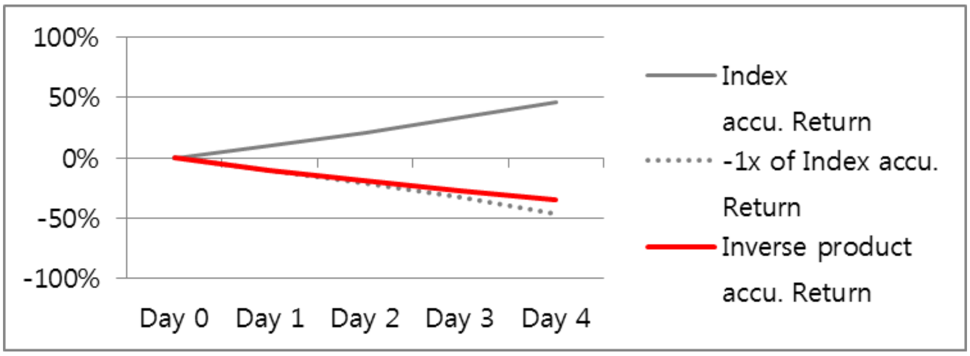
The Product's objective is to provide returns which are of a predetermined inverse factor (-1x) of the Daily performance of the Index. As such, the Product's performance may not track -1x the cumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by -100% generally will not equal the Product's performance over that same period. It is also expected that the Product will underperform the return of -100% of the Index in a trendless or flat market. This is caused by compounding, which is the cumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. The following scenarios illustrate how the Product's performance may deviate from that of the cumulative Index return (-1x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical HKD10 investment in the Product.

Scenario I: Continuous upward trend

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

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse product NAV	Cumulative performance - Inverse product	Cumulative performance - -1x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	10%	110.00	10%	-10%	HKD9.00	-10%	-10%
Day 2	10%	121.00	21%	-10%	HKD8.10	-19%	-21%
Day 3	10%	133.10	33%	-10%	HKD7.29	-27%	-33%
Day 4	10%	146.41	46%	-10%	HKD6.56	-34%	-46%

The chart below further illustrates the difference between the Product's performance versus -1x the cumulative Index return in a continuous upward market trend over a period greater than 1 Business Day.

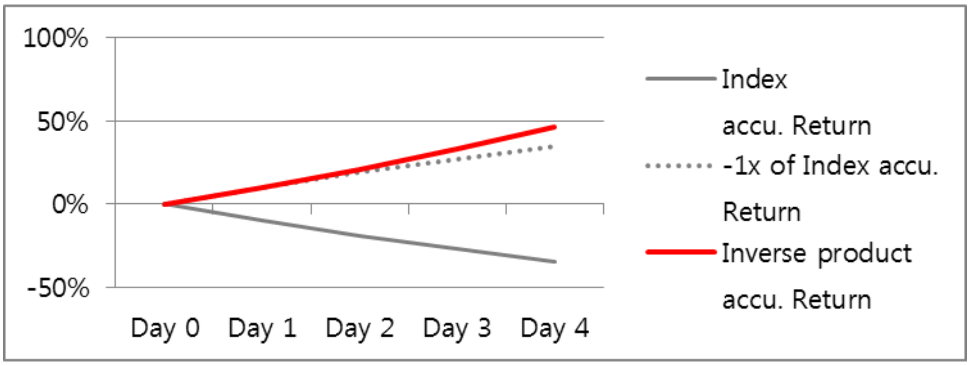


Scenario II: Continuous downward trend

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

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse product NAV	Cumulative performance - Inverse product	Cumulative performance - -1x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-10%	90.00	-10%	10%	HKD11.00	10%	10%
Day 2	-10%	81.00	-19%	10%	HKD12.10	21%	19%
Day 3	-10%	72.90	-27%	10%	HKD13.31	33%	27%
Day 4	-10%	65.61	-34%	10%	HKD14.64	46%	34%

The chart below further illustrates the difference between the Product's performance versus -1x the cumulative Index return in a continuous downward market trend over a period greater than 1 Business Day.

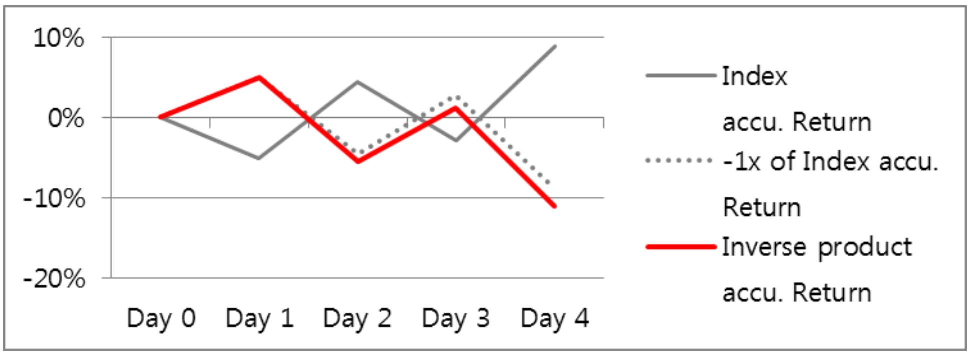


Scenario III: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the cumulative Index return. As illustrated in the scenario below, where the Index grows by 9% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 11%, compared with a 9% loss which is -1x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse product NAV	Cumulative performance - Inverse product	Cumulative performance - -1x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-5%	95.00	-5%	5%	HKD10.50	5%	5%
Day 2	10%	104.50	5%	-10%	HKD9.45	-5%	-5%
Day 3	-7%	97.19	-3%	7%	HKD10.11	1%	3%
Day 4	12%	108.85	9%	-12%	HKD8.90	-11%	-9%

The chart below further illustrates the difference between the Product's performance versus -1x the Index accumulated return in a volatile upward market trend over a period greater than 1 Business Day.

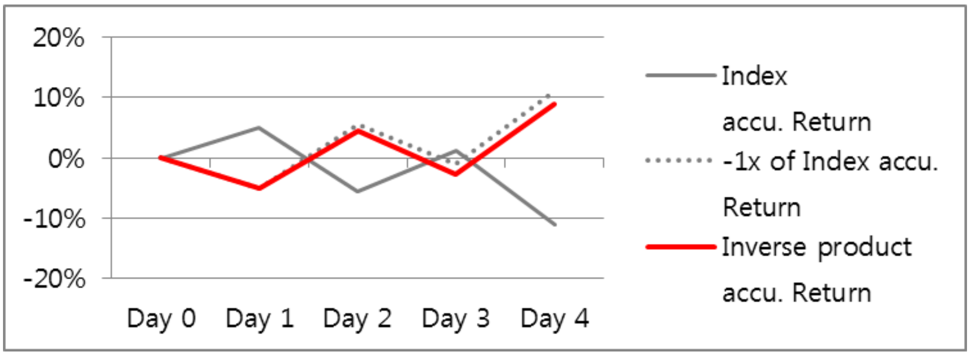


Scenario IV: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the cumulative Index return. As illustrated in the scenario below, where the Index falls by 11% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 9%, compared with a 11% gain which is -1x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse product NAV	Cumulative performance - Inverse product	Cumulative performance - -1x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	5%	105.00	5%	-5%	HKD9.50	-5%	-5%
Day 2	-10%	94.50	-6%	10%	HKD10.45	5%	6%
Day 3	7%	101.12	1%	-7%	HKD9.72	-3%	-1%
Day 4	-12%	88.98	-11%	12%	HKD10.88	9%	11%

The chart below further illustrates the difference between the Product's performance versus -1x the cumulative Index return in a volatile downward market trend over a period greater than 1 Business Day.

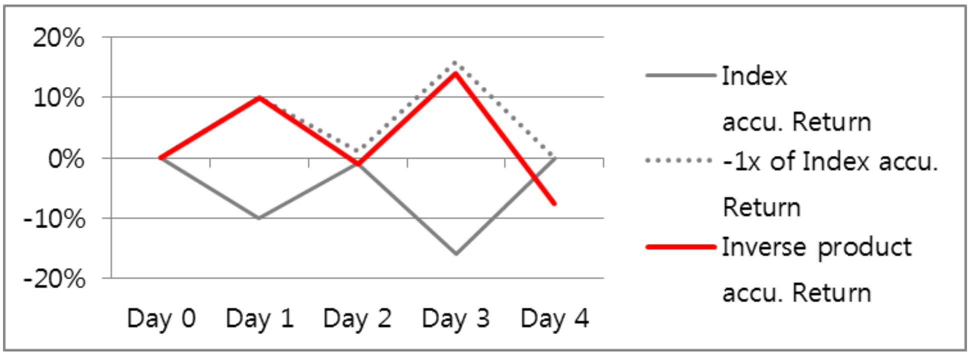


Scenario V: Volatile market with flat index performance

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

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse product NAV	Cumulative performance - Inverse product	Cumulative performance - -1x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-10%	90.00	-10%	10%	HKD11.00	10%	10%
Day 2	10%	99.00	-1%	-10%	HKD9.90	-1%	1%
Day 3	-15%	84.15	-16%	15%	HKD11.39	14%	16%
Day 4	19%	100.00	0%	-19%	HKD9.22	-8%	0%

The chart below further illustrates the difference between the Product's performance versus -1x the cumulative Index return in a volatile market with flat index performance over a period greater than 1 Business Day.



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

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

For further illustration of the Product's performance under different market conditions, investors may access the 'performance simulator' on the Product's website at www.samsungetf.com.hk (this website has not been reviewed by the SFC), which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on path dependency

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

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

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

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

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

Index licence agreement

The term of the licence of the Index commenced on 3 March 2017 and should continue until terminated by either party with at least three months' prior written notice to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

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 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 the Manager in connection with Samsung HSI Daily (-1x) Inverse Product (the “Product”), **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 PRODUCT 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 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 THE MANAGER IN CONNECTION WITH THE PRODUCT; 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 PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT 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 Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product 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.

Creations

The current Dealing Deadline After Listing is 4:00 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

All Creation Applications must be made in cash (in HKD only). Settlement in cash for subscribing Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

Exchange listing and trading (secondary market)

Dealings on the SEHK in Units traded in HKD began on 14 March 2017. Units are traded on the SEHK in board lots of 200 Units.

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

Redemptions

Units can be redeemed directly (through a Participating Dealer). Redemption proceeds shall be paid in HKD only.

Stamp duty

The Product

Profit tax: As the Product has been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Product arising from the sale or disposal of HSI Futures Contracts, net investment income received by or accruing to the Product and other profits of the Product are exempt from Hong Kong profits tax.

Stamp duty: No Hong Kong stamp duty is payable by the Product on an issue or redemption of Units.

The Unitholders

Profit tax: Hong Kong profits tax is not payable by a Unitholder (other than Unitholders carrying on a trade, profession or business of investing in securities in Hong Kong) on any gains or profits made on the sale, redemption or other disposal of the Units.

Stamp duty: Stamp duty payable in respect of any transfer in the shares or units of an exchange traded fund (as defined in Part 1 of Schedule 8 to the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong)) on the SEHK is not payable. Accordingly transfers of Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

Participating Dealers pay no Hong Kong ad valorem stamp duty when the Product issues or redeems Units.

Distribution policy

Income may be distributed at the Manager's discretion to Unitholders annually (usually in March of each year). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount (in HKD only). Distribution payment rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including general economic conditions. Distributions may not be paid if the cost of the Product's operations is higher than the yield from management of the Product's cash and holding of investment products. There can be no assurance that the Manager will pay distributions for the Product.

The Manager may in its discretion make cash distributions to Unitholders out of capital or out of gross income (while charging/paying all or part of the Product's fees and expenses to/out of the capital of the Product) resulting in an increase in distributable income for the payment of distributions which is in effect a payment of distributions out of capital.

Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset Value per Unit.

The composition of distributions payable on Units (i.e. the relative amounts of distributions paid and the percentages of dividends out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the Manager's website www.samsungetf.com.hk (this website has not been reviewed by the SFC). The Manager may amend the Product's distribution policy with respect to the distributions out of capital or effectively out of capital of the Product subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Borrowing restriction

Borrowing for the account of the Product may only be effected on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

Fees and expenses

Management fee

The Manager is entitled to receive a management fee of up to 0.99% per year of the Net Asset Value of the Product. The current management fee in respect of the Product is 0.65% and is accrued daily and calculated as at each Dealing Day and payable monthly in HKD in arrears. This fee is payable out of the Trust Fund.

Trustee's and Registrar's fees

The Trustee receives out of the assets of the Product a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.08% per year of the Net Asset Value of the Product, subject to a monthly minimum of HKD11,500.

The Registrar is entitled to receive from the Product a registrar fee of HKD160 per Participating Dealer per transaction for updating of the register record of the Product and from the Participating Dealer an administrative transaction fee of HKD3,900 per Participating Dealer per transaction for handling any cash creation and redemption of Units of the Product (payable by the Participating Dealer).

Brokerage rates

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

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

The above rates will amount to approximately 0.15% per annum of the Net Asset Value and may increase to approximately 0.30% per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Since commission is only charged once for each transaction in Futures Contracts, transaction costs are considered low compared to purchasing or selling the physical asset.

Termination amount

The Product may be terminated by the Manager without approval of the Unitholders where the aggregate Net Asset Value of all Units is less than HKD40,000,000.

Risks factors specific to the Product

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

Risks relating to Futures Contracts

Rolling of Futures Contracts risk

Investment in Futures Contracts exposes the Product to a liquidity risk linked to Futures Contracts which may affect the value of such Futures Contracts. A "roll" occurs when an existing Futures

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

Contango and backwardation risk

As the HSI Futures Contracts included in the Product's portfolio come to expiration, they are replaced by contracts that have a later expiration. For example, a contract entered into a short position and held until September may specify a September expiration. As time passes, the contract expiring in September is replaced by a contract for expiration in October. This is accomplished by buying the September contract and entering into a short position of the October contract. This process is referred to as "short rolling". Excluding other considerations, if the market for these contracts is in "contango", where the prices are higher in the distant expiration months than in the nearer expiration months, the purchase of the September contract would take place at a price that is lower than the price of the October contract. Accordingly proceeds from closing out the September short position when rolling (buying and then selling the HSI Futures Contracts) would take place at a price that is lower than the price of the October contract, thereby creating a positive "roll yield". By contrast, if the market for these contracts is in "backwardation", where the prices are lower in the distant expiration months than in the nearer expiration months, the closing out of the September short position would take place at a price that is higher than the price of the October contract, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin risk

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

Futures Contracts market risks

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

Clearing house's failure risk

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

Regulatory change risk

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

Risks relating to the Product

Inverse performance risk

The Product tracks the inverse Daily performance of the Index. Should the value of the underlying securities of the Index increase, it could have a negative effect on the performance of the Product. Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments.

Long term holding risk

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

Inverse Product vs. short selling risk

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

Unconventional return pattern risk

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

Rebalancing activities risk

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

Liquidity risk

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

Volatility risk

Prices of the Product may be more volatile than conventional ETFs because of the Daily rebalancing activities.

Intraday investment risk

The Product will normally be rebalanced near the end of a Business Day at or around the close of trading of the underlying futures market. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

Portfolio turnover risk

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

Path dependency

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

Concentration risk

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

Index constituents and Futures Contracts price limit risk

The Product seeks to rebalance its portfolio at or around the close of trading of the underlying futures market on each Business Day. The HSI Futures market is subject to a Volatility Control Mechanism ("VCM") under the rules of the HKFE, whereby a 5-minute cooling-off period is triggered if the price of a HSI Futures Contract deviates by more than 5% from the last traded price 5 minutes ago (the "VCM Reference Price"), and during the cooling-off period trading for the HSI Futures Contracts will continue within a fixed price band (±5% from the VCM Reference Price).

The Product's investment objective is to provide investment results that closely correspond to the inverse (-1x) Daily performance of the Index. Although the Index is an equity index, the Product invests in HSI Futures Contracts. Securities listed on the SEHK such as the constituents of the Index are also subject to a VCM but under the rules of the SEHK, whereby during the continuous trading session, a 5-minute cooling-off period is triggered if price of a security deviates by more than ±10% from the last traded price 5 minutes ago, and trading for that security will only continue within a fixed price band (±10% of the last trading price) during the cooling-off period. There will be a maximum of one VCM trigger in each trading session (morning session and afternoon session are counted as two separate trading sessions). As such, the price movement of the Index may be greater than the HSI Futures Contracts' price movement. If the VCM cooling-off period is triggered at or around the close of trading of the underlying futures market on any

Business Day, this may result in imperfect Daily rebalancing of the Product.

Trading hour differences risk

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

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

Holding of HSI Futures Contracts restriction in number risk

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

Suspension of creation risk

There can be no assurance that there are sufficient HSI Futures Contracts in the market available to the Product to fully satisfy subscription requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the HSI Futures Contracts, and delay or disruption in execution of trades or in settlement of trades.

Distributions out of or effectively out of capital risk

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

Investment in other funds risk

As part of the Product's investment strategy, the Manager will apply not less than 90% of the Net Asset Value for investment in cash and other investment products such as SFC authorised money market funds. Although such funds will be regulated in Hong Kong, the Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. In particular, as an investor in such funds, the Product will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the Product to the Manager.

Reliance on Market Maker risk

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units, it should be noted that the Product may have to be terminated if there is no Market Maker. The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker for the Units will give not less than 3 months' notice prior to terminating market making under the relevant market making agreements.

Appendix dated 29 April 2020

APPENDIX 3: SAMSUNG HSCEI DAILY (2X) LEVERAGED PRODUCT

Key information

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

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index
Index	Hang Seng China Enterprises Index (HSCEI)
Listing Date (SEHK)	14 March 2017
Exchange Listing	SEHK – Main Board
Stock Code	07228
Short Stock Name	FL2SAMSUNGHSCEI
Trading Board Lot Size	200 Units
Base Currency	Hong Kong dollars (HKD)
Trading Currency	HKD only
Distribution Policy	Annually (usually in March of each year) (if any) in HKD subject to the Manager's discretion. Distributions may not be paid if the cost of the Product's operations is higher than the yield from management of the Product's cash and holdings of investment products. Furthermore, distributions may be paid out of capital or out of gross income while all or part of fees and expenses may be charged to capital at the Manager's discretion resulting in an increase in distributable income for the payment of distributions and therefore distributions may be paid effectively out of capital.
Creation/Redemption Policy	Cash (HKD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 300,000 Units (or multiples thereof)
Participating Dealers*	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services China Merchants Securities (HK) Co., Limited Citigroup Global Markets Asia Limited Guotai Junan Securities (Hong Kong) Ltd Haitong International Securities Company Ltd Mirae Asset Securities (HK) Limited Nomura International (Hong Kong) Limited

	Yue Kun Research Limited CGS-CIMB Securities Limited CLSA Limited UBS Securities Hong Kong Limited Deutsche Securities Asia Limited Goldman Sachs (Asia) Securities Limited Canfield Securities Company Limited
Market Makers*	IMC Asia Pacific Limited Mirae Asset Securities (HK) Limited Optiver Trading Hong Kong Ltd Flow Traders Hong Kong Limited Head & Shoulders Securities Limited SG Securities (HK) Limited
Ongoing Charges Over a Year (Annual Average Daily Ongoing Charges***)**	1.13% (0.0046 %)
Management Fee	Currently 0.65% per year of the Net Asset Value
Financial Year End	31 March
Website	www.samsungetf.com.hk (this website has not been reviewed by the SFC)

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for the Product.*

** *The ongoing charges figure is an annualized figure based on expenses reported in the Product's audited financial report for the year ended 31 March 2019. It does not represent the estimated tracking error and may vary from year to year.*

*** *The annual average daily ongoing charges figure is equal to the ongoing charges figure divided by the number of dealing days for the year ended 31 March 2019. It does not represent the estimated annual average daily tracking error and may vary from year to year.*

What is the investment objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to twice (2x) the Daily performance of the Index. There can be no assurance that the Product will achieve its investment objective. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

What is the investment strategy?

In seeking to achieve the Product's investment objective, the Manager adopts a futures-based replication investment strategy through investing directly in the spot month Futures Contracts on the Index ("HSCEI Futures Contracts"), subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering into the spot month HSCEI Futures Contracts, the Manager anticipates that no more than 20% of the Net Asset Value of the Product from time to time will be used as margin to acquire

HSCEI Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange during extreme market turbulence), the margin requirement may increase substantially.

Not less than 70% of the Net Asset Value of the Product (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and SFC authorised money market funds in accordance with the requirements of the Code. Yield in HKD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to Unitholders in HKD. In addition, the Product may invest up to 10% of its Net Asset Value in exchange traded fund(s) authorised by the SFC and listed in Hong Kong, the investment objective of which is/are to track the performance of the Index and which is/are not managed by the Manager ("HSCEI ETFs"). Investments in exchange traded funds by the Product are considered and treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of the Code.

The Manager will not invest the Product in any FDIs (including structured products or instruments) other than HSCEI Futures Contracts for hedging or non-hedging (i.e. investment) purposes or engage in any Securities Lending Transactions, Sale and Repurchase Transactions and Reverse Repurchase Transactions or other similar over-the-counter transactions.

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

Use of derivatives

The Product's net derivative exposure may be more than 100% of the Product's Net Asset Value.

Daily rebalancing of the Product

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

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

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

** The above figures are calculated before fees and expenses.*

Futures roll

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

What are HSCEI Futures Contracts?

HSCEI Futures Contracts

HSCEI Futures Contracts are equity index products and major products of HKEx's derivatives market in terms of trading volume. Hong Kong Futures Exchange Limited, a wholly-owned subsidiary of HKEx, first introduced HSCEI Futures Contracts in December 2003. The underlying asset of HSCEI Futures Contracts is the HSCEI.

HSCEI Futures Contracts have the following key specifications:

Underlying index	HSCEI
Exchange	Hong Kong Futures Exchange Limited (HKFE)
Clearing	HKFE Clearing Corporation Limited (HKCC)
Trading hours (Hong Kong Time)	• Morning Session: 09:15 - 12:00 (Pre-Market Opening Period: 08:45 - 09:15) • Afternoon Session: 13:00 - 16:30 (Pre-Market Opening Period: 12:30 - 13:00) • After-Hours Trading Session: 17:15 - 23:45 (Expiring contract month closes at 16:00 on the Last Trading Day)
Contract months	Spot Month, the next calendar month, and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)
Last trading day	The Business Day immediately preceding the last Business Day of the Contract Month
Contract unit	Index x HKD50
Tick size	1 point, representing a value of HKD50

Contract value (as at 22 September 2017)	HKD 554,150 (Contract month of September 2017)
Margin (as at 22 September 2017)	• Initial margin: HKD36,774 • Maintenance margin: HKD29,419
Settlement method	Cash settled contract of difference
Final settlement price	The average of quotations taken at (i) five (5) minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of the SEHK; and (ii) the close of trading on the SEHK on the Last Trading Day
Position limit	12,000 position delta for long or short (on a net basis) combined in all contract months. The position limit applies to any person including the Manager, i.e. the Manager cannot hold or control HSCEI Futures Contracts over this limit.
Large Open Positions	The Securities and Futures (Contracts Limits and Reportable Position) Rules requires a person holding or controlling a reportable position (or a "Large Open Position") of HSCEI Futures Contracts to notify the HKFE of that reportable position in writing. The level of Large Open Position is as follows: • 500 open contracts, in any one contract month, per exchange participant for the exchange participant's own behalf; and • 500 open contracts, in any one contract month, per client
Volatility Control Mechanism (VCM)	A price limit VCM model is implemented for the HSCEI Futures Contracts market, under which a cooling-off period will be triggered by abrupt price volatility detected at the instrument level: • The VCM is triggered and a 5-minute cooling-off period will start if the price of a HSCEI Futures Contract deviates by more than 5% from the last traded price 5 minutes ago (the "VCM Reference Price"). • During the 5-minute cooling-off period, trading for the HSCEI Futures Contracts will continue within a fixed price band (±5% from the VCM Reference Price). • Normal trading without restriction will resume after the cooling-off period.

For more information, please refer to "Hang Seng China Enterprise Index Futures" under "Products > Listed Derivatives > Equity Index > Hang Seng China Enterprise Index" on the HKEx website (this website has not been reviewed by the SFC).

HSCEI Futures Contracts have the following characteristics:

(a) The underlying asset (the HSCEI) is a benchmark for the performance of H-Shares, Red-chips and P-chips listed on the SEHK. Since the HSCEI is widely used as a benchmark for the performance of H-Shares, Red-chips and P-chips. HSCEI Futures Contracts can be used as a hedging tool by investors to manage their risks from exposure to H-shares, Red-chips and P-chips. Investors can also buy or sell HSCEI Futures Contracts for pure directional trading whenever they are bullish or bearish about H-Shares, Red-chips and P-chips.

(b) HSCEI Futures Contracts are leveraged because they are traded on a margin basis. The margin to carry an open position is only a small percentage (up to approximately 10%) of the HSCEI Futures Contract's value.

(c) As the total value of high-capitalisation stocks represented in each HSCEI Futures Contract is substantial and as commission is only charged once for each transaction in Futures Contracts, transaction costs are considered low compared to purchasing or selling the constituent stocks.

(d) As with other Futures Contracts traded on HKFE, HSCEI Futures Contracts are registered, cleared and guaranteed by the HKFE Clearing Corporation Limited ("HKCC"), a wholly-owned subsidiary of HKFE. HKCC acts as the counterparty to all open contracts, which effectively eliminates counterparty risks between HKCC participants.

Futures liquidity

For the year 2016, the daily average turnover for the spot month HSCEI Futures Contracts is HKD46.67 billion and the daily average open interest of the spot month HSCEI Futures Contracts is HKD103.78 billion. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as a leveraged product tracking the Index.

What is the Index?

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

General information on the Index

The Hang Seng China Enterprises Index (the "Index") measures the performance of the largest and most liquid H-Shares, Red-chips and P-chips listed in Hong Kong.

The Index adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on individual constituent weightings.

The Index is a price return index. A price return index calculates the performance of the index constituents without adjustments for cash dividends or warrant bonuses.

As at 31 March 2020, it comprised 50 constituent stocks with total market capitalisation of approximately HKD12,049,489million.

The Index was launched on 8 August 1994 and had a base level of 2,000 on 3 January 2000.

The Index is denominated in HKD.

Index Provider

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

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

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

Index methodology

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

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

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

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

Constituent eligibility

The universe of the Index includes all H-Share, Red-chip and P-chip companies that have their primary listing on the Main Board of the SEHK. The number of constituents is 50.

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, except for Red-chips or P-chips qualifying for the "Fast Entry Mechanism" under which Red-chips and P-chips ranking within top 10 and top 11 to 20 among Mainland companies in terms of market value will be eligible for inclusion in the Index with 1 year and 2 years of listing history respectively.

(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. For Red-chips and P-chips qualified under the "Fast Entry Mechanism", the financial record requirements are adjusted accordingly – for example, Red-chips and P-chips qualified under the "Fast Entry Mechanism" with a listing history of 2 years will only be required to have positive profit, net cash generated from operating activities and cash dividends in the past 2 fiscal years.

Selection

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 H-Share, Red-chips and P-chips based on the following formula:

Combined Market Capitalisation Ranking	=	50% of Full Market Capitalisation Rank + 50% of Freefloat-adjusted Market Capitalisation Rank

The 50 eligible stocks that have the highest combined market capitalisation ranking among all eligible stocks will be selected as constituents of the Index.

Index reviews

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

Index rebalancing

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

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

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

Index constituents

You can obtain the list of the constituents of the Index, their respective weightings and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.hsi.com.hk (this website has not been reviewed by the SFC).

Index codes

Bloomberg code: HSCEI
Reuters code: .HSCE

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

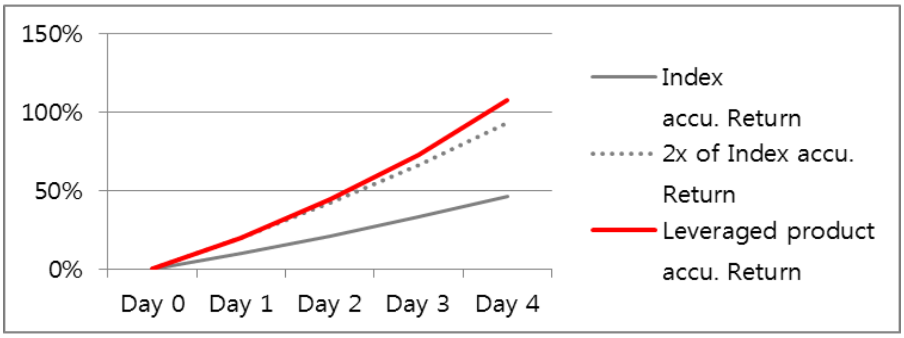
The Product's objective is to provide returns which are of a predetermined leverage factor (2x) of the Daily performance of the Index. As such, the Product's performance may not track twice the cumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by 200% generally will not equal the Product's performance over that same period. It is also expected that the Product will underperform the return of 200% of the Index in a trendless or flat market. This is caused by compounding, which is the cumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. In addition, the effects of volatility are magnified in the Product due to leverage. The following scenarios illustrate how the Product's performance may deviate from that of the cumulative Index return (2x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical HKD10 investment in the Product.

Scenario I: Continuous upward trend

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

	Index Daily return	Index level	Index cumulative return	Leveraged product Daily return	Leveraged product NAV	Cumulative performance - Leveraged product	Cumulative performance - 2x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	10%	110.00	10%	20%	HKD12.00	20%	20%
Day 2	10%	121.00	21%	20%	HKD14.40	44%	42%
Day 3	10%	133.10	33%	20%	HKD17.28	73%	66%
Day 4	10%	146.41	46%	20%	HKD20.74	107%	93%

The chart below further illustrates the difference between the Product's performance versus twice the cumulative Index return in a continuous upward market trend over a period greater than 1 Business Day.

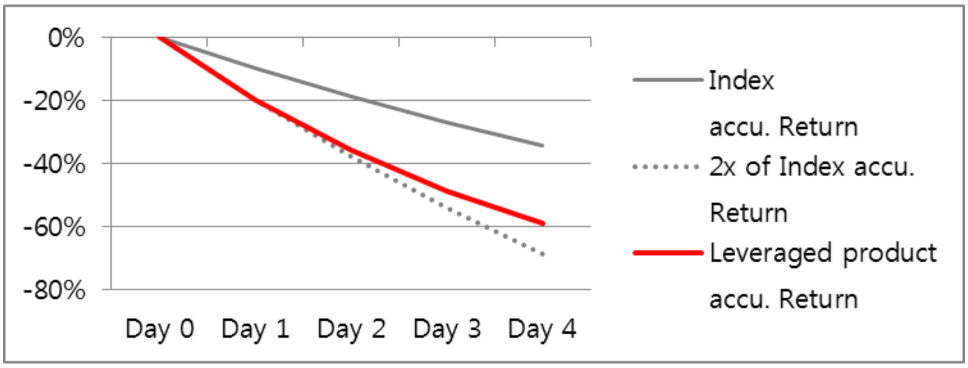


Scenario II: Continuous downward trend

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

	Index Daily return	Index level	Index cumulative return	Leveraged product Daily return	Leveraged product NAV	Cumulative performance - Leveraged product	Cumulative performance - 2x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-10%	90.00	-10%	-20%	HKD8.00	-20%	-20%
Day 2	-10%	81.00	-19%	-20%	HKD6.40	-36%	-38%
Day 3	-10%	72.90	-27%	-20%	HKD5.12	-49%	-54%
Day 4	-10%	65.61	-34%	-20%	HKD4.10	-59%	-69%

The chart below further illustrates the difference between the Product's performance versus twice the cumulative Index return in a continuous downward market trend over a period greater than 1 Business Day.

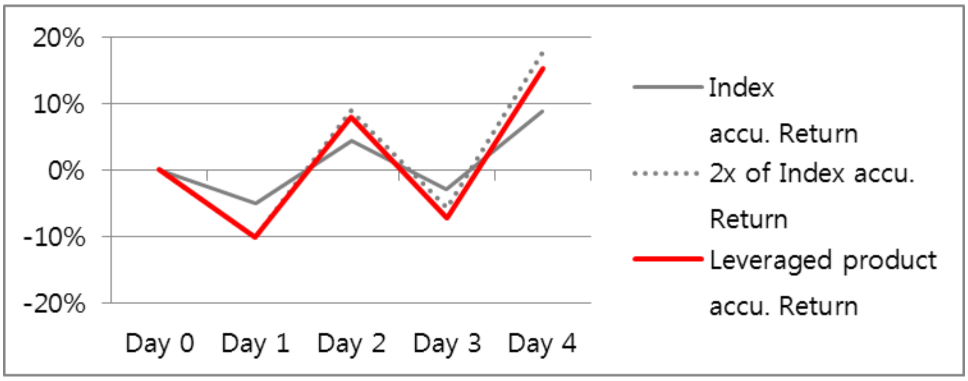


Scenario III: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the cumulative Index return. As illustrated in the scenario below, where the Index grows by 9% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 15%, compared with a 18% gain which is twice the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Leveraged product Daily return	Leveraged product NAV	Cumulative performance - Leveraged product	Cumulative performance - 2x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-5%	95.00	-5%	-10%	HKD9.00	-10%	-10%
Day 2	10%	104.50	5%	20%	HKD10.80	8%	9%
Day 3	-7%	97.19	-3%	-14%	HKD9.29	-7%	-6%
Day 4	12%	108.85	9%	24%	HKD11.52	15%	18%

The chart below further illustrates the difference between the Product's performance versus twice the Index accumulated return in a volatile upward market trend over a period greater than 1 Business Day.

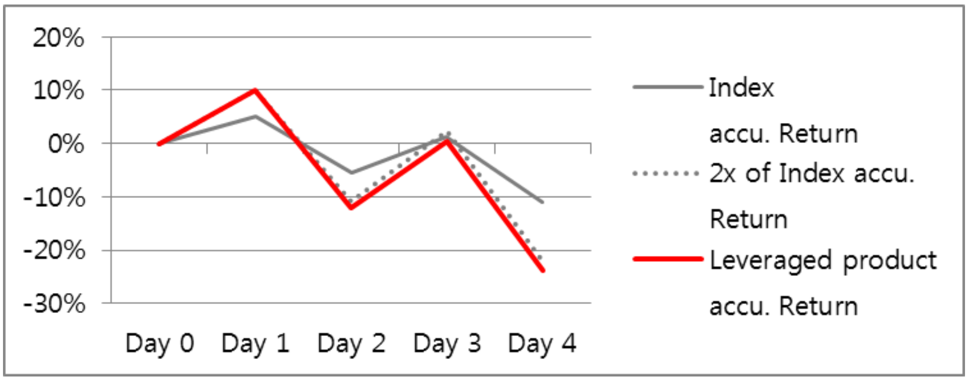


Scenario IV: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of twice the cumulative Index return. As illustrated in the scenario below, where the Index falls by 11% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 24%, compared with a 22% loss which is twice the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Leveraged product Daily return	Leveraged product NAV	Cumulative performance - Leveraged product	Cumulative performance - 2x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	5%	105.00	5%	10%	HKD11.00	10%	10%
Day 2	-10%	94.50	-6%	-20%	HKD8.80	-12%	-11%
Day 3	7%	101.12	1%	14%	HKD10.03	0%	2%
Day 4	-12%	88.98	-11%	-24%	HKD7.62	-24%	-22%

The chart below further illustrates the difference between the Product's performance versus twice the cumulative Index return in a volatile downward market trend over a period greater than 1 Business Day.

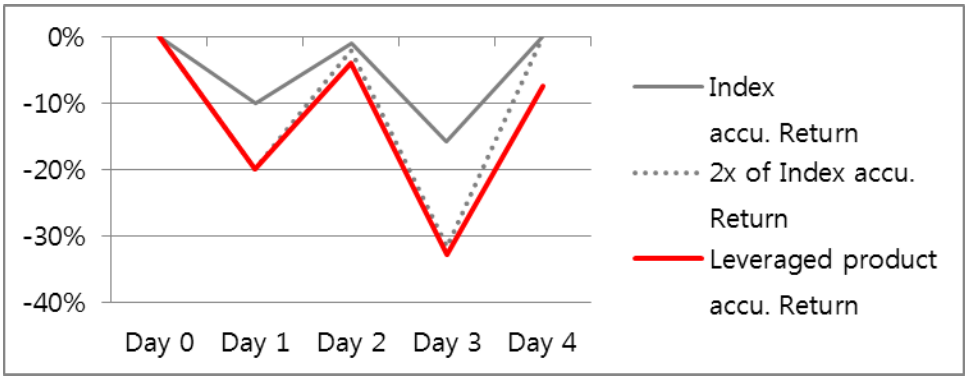


Scenario V: Volatile market with flat index performance

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

	Index Daily return	Index level	Index cumulative return	Leveraged product Daily return	Leveraged product NAV	Cumulative performance - Leveraged product	Cumulative performance - 2x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-10%	90.00	-10%	-20%	HKD8.00	-20%	-20%
Day 2	10%	99.00	-1%	20%	HKD9.60	-4%	-2%
Day 3	-15%	84.15	-16%	-30%	HKD6.72	-33%	-32%
Day 4	19%	100.00	0%	38%	HKD9.25	-7%	0%

The chart below further illustrates the difference between the Product's performance versus twice the cumulative Index return in a volatile market with flat index performance over a period greater than 1 Business Day.



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

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

For further illustration of the Product's performance under different market conditions, investors may access the 'performance simulator' on the Product's website at www.samsungetf.com.hk (this website has not been reviewed by the SFC), which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on path dependency

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

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

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

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

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

Index licence agreement

The term of the licence of the Index commenced on 3 March 2017 and should continue until terminated by either party with at least three months' prior written notice to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index disclaimer

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Creations

The current Dealing Deadline After Listing is 4:00 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

All Creation Applications must be made in cash (in HKD only). Settlement in cash for subscribing Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

Exchange listing and trading (secondary market)

Dealings on the SEHK in Units traded in HKD began on 14 March 2017. Units are traded on the SEHK in board lots of 200 Units.

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

Redemptions

Units can be redeemed directly (through a Participating Dealer). Redemption proceeds shall be paid in HKD only.

Stamp duty

The Product

Profit tax: As the Product has been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Product arising from the sale or disposal of HSCEI Futures Contracts, net investment income received by or accruing to the Product and other profits of the Product are exempt from Hong Kong profits tax.

Stamp duty: No Hong Kong stamp duty is payable by the Product on an issue or redemption of Units.

The Unitholders

Profit tax: Hong Kong profits tax is not payable by a Unitholder (other than Unitholders carrying on a trade, profession or business of investing in securities in Hong Kong) on any gains or profits made on the sale, redemption or other disposal of the Units.

Stamp duty: Stamp duty payable in respect of any transfer in the shares or units of an exchange traded fund (as defined in Part 1 of Schedule 8 to the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong)) on the SEHK is not payable. Accordingly transfers of Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

Participating Dealers pay no Hong Kong ad valorem stamp duty when the Product issues or redeems Units.

Distribution policy

Income may be distributed at the Manager's discretion to Unitholders annually (usually in March of each year). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount (in HKD only). Distribution payment rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including general economic conditions. Distributions may not be paid if the cost of the Product's operations is higher than the yield from management of the Product's cash and holding of investment products. There can be no assurance that the Manager will pay distributions for the Product.

The Manager may in its discretion make cash distributions to Unitholders out of capital or out of gross income (while charging/paying all or part of the Product's fees and expenses to/out of the capital of the Product) resulting in an increase in distributable income for the payment of distributions which is in effect a payment of distributions out of capital.

Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset Value per Unit.

The composition of distributions payable on Units (i.e. the relative amounts of distributions paid and the percentages of dividends out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the Manager's website www.samsungetf.com.hk (this website has not been reviewed by the SFC). The Manager may amend the Product's distribution policy with respect to the distributions out of capital or effectively out of capital of the Product subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Borrowing restriction

Borrowing for the account of the Product may only be effected on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

Fees and expenses

Management fee

The Manager is entitled to receive a management fee of up to 0.99% per year of the Net Asset Value of the Product. The current management fee in respect of the Product is 0.65% and is accrued daily and calculated as at each Dealing Day and payable monthly in HKD in arrears. This fee is payable out of the Trust Fund.

Trustee's and Registrar's fees

The Trustee receives out of the assets of the Product a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.08% per year of the Net Asset Value of the Product, subject to a monthly minimum of HKD11,500.

The Registrar is entitled to receive from the Product a registrar fee of HKD160 per Participating Dealer per transaction for updating of the register record of the Product and from the Participating Dealer an administrative transaction fee of HKD3,900 per Participating Dealer per transaction for handling any cash creation and redemption of Units of the Product (payable by the Participating Dealer).

Brokerage rates

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

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

The above rates will amount to approximately 0.15% per annum of the Net Asset Value and may increase to approximately 0.30% per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Since commission is only charged once for each transaction in Futures Contracts, transaction costs are considered low compared to purchasing or selling the physical asset.

Termination amount

The Product may be terminated by the Manager without approval of the Unitholders where the aggregate Net Asset Value of all Units is less than HKD40,000,000.

Risks factors specific to the Product

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

Risks relating to Futures Contracts

Rolling of Futures Contracts risk

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

Contango and backwardation risk

As the HSCEI Futures Contracts included in the Product's portfolio come to expiration, they are replaced by contracts that have a later expiration. For example, a contract entered into a long position and held until September may specify a September expiration. As time passes, the contract expiring in September is replaced by a contract for expiration in October. This is accomplished by selling the September contract and entering into a long position of the October contract. This process is referred to as "long rolling". Excluding other considerations, if the market for these contracts is in "contango", where the prices are higher in the distant expiration months than in the nearer expiration months, the sale of the September contract would take place at a price that is lower than the price of the October contract. Accordingly sale proceeds when rolling (selling and then buying the HSCEI Futures Contracts) will not be sufficient to purchase the same number of HSCEI Futures Contracts which have a higher price, thereby creating a negative "roll yield" which adversely affects the Net Asset Value. By contrast, if the market for these contracts is in "backwardation", where the prices are lower in the distant expiration months than in the nearer expiration months, the sale of the September contract would take place at a price that is higher than the price of the October contract, thereby creating a positive "roll yield".

Margin risk

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

Futures Contracts market risks

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

Clearing house's failure risk

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

Regulatory change risk

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

Risks relating to the Product

Long term holding risk

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

Leverage risk

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

Rebalancing activities risk

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

Liquidity risk

The rebalancing activities of the Product will typically take place near the end of a Business Day at or around the close of trading of the underlying markets to minimise tracking difference. As a result, the Product may be more exposed to the market conditions during a shorter interval and may be more subject to liquidity risk.

Volatility risk

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

Intraday investment risk

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

Portfolio turnover risk

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

Path dependency

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

Concentration and PRC market risk

The Product is subject to concentration risk as a result of tracking the leveraged performance of a single geographical region or country (the PRC including Hong Kong). The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments.

The Index constituents are companies listed on the SEHK and primarily traded in Hong Kong, and have substantial business exposure to the PRC, an emerging market. Investments of the Product may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

Index constituents and Futures Contracts price limit risk

The Product seeks to rebalance its portfolio at or around the close of trading of the underlying markets on each Business Day. The HSCEI Futures market is subject to a Volatility Control Mechanism ("VCM") under the rules of the HKFE, whereby a 5-minute cooling-off period is triggered if the price of a HSCEI Futures Contract deviates by more than 5% from the last traded price 5 minutes ago (the "VCM Reference Price"), and during the cooling-off period trading for the HSCEI Futures Contracts will continue within a fixed price band (±5% from the VCM Reference Price).

The Product's investment objective is to provide investment results that closely correspond to twice (2x) the Daily performance of the Index. Although the Index is an equity index, the Product invests in HSCEI Futures Contracts. Securities listed on the SEHK such as the constituents of the Index are also subject to a VCM but under the rules of the SEHK, whereby during the continuous trading session, a 5-minute cooling-off period is triggered if price of a security deviates by more than ±10% from the last traded price 5 minutes ago, and trading for that security will only continue within a fixed price band (±10% of the last trading price) during the cooling-off period. There will be a maximum of one VCM trigger in each trading session (morning session and afternoon session are counted as two separate trading sessions). As such, the price movement of the Index may be greater than the HSCEI Futures Contracts' price movement. If the VCM cooling-off period is triggered at or around the close of trading of the underlying markets on any Business Day, this may result in imperfect Daily rebalancing of the Product.

Trading hour differences risk

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

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

Holding of HSCEI Futures Contracts restriction in number risk

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

Suspension of creation risk

There can be no assurance that there are sufficient HSCEI Futures Contracts in the market available to the Product to fully satisfy subscription requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the HSCEI Futures Contracts, and delay or disruption in execution of trades or in settlement of trades.

Distributions out of or effectively out of capital risk

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

Investment in other funds and HSCEI ETFs risk

As part of the Product's investment strategy, the Manager will apply not less than 70% of the Net Asset Value for investment in cash and other investment products such as SFC authorised money market funds. The Product may also invest up to 10% of its Net Asset Value in HSCEI ETF(s). Although such funds will be regulated in Hong Kong, the Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. The Product does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the Net Asset Value of the Product. In particular, as an investor in such funds, the Product will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the Product to the Manager. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Product's redemption requests as and when made.

Reliance on Market Maker risk

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units, it should be noted that the Product may have to be terminated if there is no Market Maker. The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker for the Units will give not less than 3 months' notice prior to terminating market making under the relevant market making agreements.

Appendix dated 29 April 2020

APPENDIX 4: SAMSUNG HSCEI DAILY (-1X) INVERSE PRODUCT

Key information

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

Investment Objective	To provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) Daily performance of the Index
Index	Hang Seng China Enterprises Index (HSCEI)
Listing Date (SEHK)	14 March 2017
Exchange Listing	SEHK – Main Board
Stock Code	07328
Short Stock Name	FISAMSUNGHSCEI
Trading Board Lot Size	200 Units
Base Currency	Hong Kong dollars (HKD)
Trading Currency	HKD only
Distribution Policy	Annually (usually in March of each year) (if any) in HKD subject to the Manager's discretion. Distributions may not be paid if the cost of the Product's operations is higher than the yield from management of the Product's cash and holdings of investment products. Furthermore, distributions may be paid out of capital or out of gross income while all or part of fees and expenses may be charged to capital at the Manager's discretion resulting in an increase in distributable income for the payment of distributions and therefore distributions may be paid effectively out of capital.
Creation/Redemption Policy	Cash (HKD) only
Application Unit Size (only by or through Participating Dealers)	Minimum 300,000 Units (or multiples thereof)
Participating Dealers*	ABN AMRO Clearing Hong Kong Limited BNP Paribas Securities Services China Merchants Securities (HK) Co., Limited Citigroup Global Markets Asia Limited Guotai Junan Securities (Hong Kong) Ltd Haitong International Securities Company Ltd Mirae Asset Securities (HK) Limited Nomura International (Hong Kong) Limited

	Yue Kun Research Limited CGS-CIMB Securities Limited CLSA Limited UBS Securities Hong Kong Limited Deutsche Securities Asia Limited Goldman Sachs (Asia) Securities Limited Canfield Securities Company Limited
Market Makers*	IMC Asia Pacific Limited Mirae Asset Securities (HK) Limited Optiver Trading Hong Kong Ltd Flow Traders Hong Kong Limited Head & Shoulders Securities Limited SG Securities (HK) Limited
Ongoing Charges Over a Year (Annual Average Daily Ongoing Charges***)**	1.43% (0.0058%)
Management Fee	Currently 0.65% per year of the Net Asset Value
Financial Year End	31 March
Website	www.samsungetf.com.hk (this website has not been reviewed by the SFC)

* *Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for the Product.*

** *The ongoing charges figure is an annualized figure based on expenses reported in the Product's audited financial report for the year ended 31 March 2019. It does not represent the estimated tracking error and may vary from year to year.*

*** *The annual average daily ongoing charges figure is equal to the ongoing charges figure divided by the number of dealing days for the year ended 31 March 2019. It does not represent the estimated annual average daily tracking error and may vary from year to year*

What is the investment objective?

The investment objective of the Product is to provide investment results that, before fees and expenses, closely correspond to the inverse (-1x) Daily performance of the Index. There can be no assurance that the Product will achieve its investment objective. **The Product does not seek to achieve its stated investment objective over a period of time greater than one day**.

What is the investment strategy?

In seeking to achieve the Product's investment objective, the Manager adopts a futures-based replication investment strategy through investing directly in the spot month Futures Contracts on the Index ("HSCEI Futures Contracts"), subject to the rolling strategy discussed below, to obtain the required exposure to the Index.

In entering into the spot month HSCEI Futures Contracts, the Manager anticipates that no more than 10% of the Net Asset Value of the Product from time to time will be used as margin to acquire HSCEI Futures Contracts. Under exceptional circumstances (e.g. increased margin requirement by the exchange during extreme market turbulence), the margin requirement may increase substantially.

Not less than 90% of the Net Asset Value of the Product (this percentage may be reduced proportionately under exceptional circumstances where there is a higher margin requirement, as described above) will be invested in cash (HKD) and other HKD denominated investment products, such as deposits with banks in Hong Kong and SFC authorised money market funds in accordance with the requirements of the Code. Yield in HKD from such cash and investment products will be used to meet the Product's fees and expenses and after deduction of such fees and expenses the remainder will be distributed by the Manager to Unitholders in HKD.

The Manager will not invest the Product in any FDIs (including structured products or instruments) other than HSCEI Futures Contracts for hedging or non-hedging (i.e. investment) purposes or engage in any Securities Lending Transactions, Sale and Repurchase Transactions and Reverse Repurchase Transactions or other similar over-the-counter transactions.

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

Use of derivatives

The Product's net derivative exposure may be more than 50% but up to 100% of the Product's Net Asset Value.

Daily rebalancing of the Product

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

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

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

**The above figures are calculated before fees and expenses.*

Futures roll

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

What are HSCEI Futures Contracts?

HSCEI Futures Contracts

HSCEI Futures Contracts are equity index products and major products of HKEx's derivatives market in terms of trading volume. Hong Kong Futures Exchange Limited, a wholly-owned subsidiary of HKEx, first introduced HSCEI Futures Contracts in December 2003. The underlying asset of HSCEI Futures Contracts is the HSCEI.

HSCEI Futures Contracts have the following key specifications:

Underlying index	HSCEI
Exchange	Hong Kong Futures Exchange Limited (HKFE)
Clearing	HKFE Clearing Corporation Limited (HKCC)
Trading hours (Hong Kong Time)	• Morning Session: 09:15 - 12:00 (Pre-Market Opening Period: 08:45 - 09:15) • Afternoon Session: 13:00 - 16:30 (Pre-Market Opening Period: 12:30 - 13:00) • After-Hours Trading Session: 17:15 - 23:45 (Expiring contract month closes at 16:00 on the Last Trading Day)
Contract months	Spot Month, the next calendar month, and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)
Last trading day	The Business Day immediately preceding the last Business Day of the Contract Month
Contract unit	Index x HKD50
Tick size	1 point, representing a value of HKD50
Contract value (as at 22 September 2017)	HKD554,150 (Contract month of September 2017)
Margin (as at 22 September 2017)	• Initial margin: HKD36,774 • Maintenance margin: HKD29,419
Settlement method	Cash settled contract of difference
Final settlement price	The average of quotations taken at (i) five (5) minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of the SEHK; and (ii) the close of trading on the SEHK on the Last Trading Day
Position limit	12,000 position delta for long or short (on a net basis) combined in all contract months. The position limit applies to any person including the Manager, i.e. the Manager cannot hold or control HSCEI Futures Contracts over this limit.

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

For more information, please refer to "Hang Seng China Enterprise Index Futures" under "Products > Listed Derivatives > Equity Index > Hang Seng China Enterprise Index" on the HKEx website (this website has not been reviewed by the SFC).

HSCEI Futures Contracts have the following characteristics:

(a) The underlying asset (the HSCEI) is a benchmark for the performance of H-Shares, Red-chips and P-chips listed on the SEHK. Since the HSCEI is widely used as a benchmark for the performance of H-Shares, Red-chips and P-chips. HSCEI Futures Contracts can be used as a hedging tool by investors to manage their risks from exposure to H-shares, Red-chips and P-chips. Investors can also buy or sell HSCEI Futures Contracts for pure directional trading whenever they are bullish or bearish about H-Shares, Red-chips and P-chips.

(b) HSCEI Futures Contracts are leveraged because they are traded on a margin basis. The margin to carry an open position is only a small percentage (up to approximately 10%) of the HSCEI Futures Contract's value.

(c) As the total value of high-capitalisation stocks represented in each HSCEI Futures Contract is substantial and as commission is only charged once for each transaction in Futures Contracts, transaction costs are considered low compared to purchasing or selling the constituent stocks.

(d) As with other Futures Contracts traded on HKFE, HSCEI Futures Contracts are registered, cleared and guaranteed by the HKFE Clearing Corporation Limited ("HKCC"), a wholly-owned subsidiary of HKFE. HKCC acts as the counterparty to all open contracts, which effectively eliminates counterparty risks between HKCC participants.

Futures liquidity

For the year 2016, the daily average turnover for the spot month HSCEI Futures Contracts is HKD46.67 billion and the daily average open interest of the spot month HSCEI Futures Contracts is HKD103.78 billion. The Manager believes that such liquidity is sufficiently abundant in terms of turnover and open interest for the Product to operate as an inverse product tracking the Index.

What is the Index?

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

General information on the Index

The Hang Seng China Enterprises Index (the "Index") measures the performance of the largest and most liquid H-Shares, Red-chips and P-chips listed in Hong Kong.

The Index adopts a freefloat-adjusted market capitalisation weighted methodology with a 10% cap on individual constituent weightings.

The Index is a price return index. A price return index calculates the performance of the index constituents without adjustments for cash dividends or warrant bonuses.

As at 31 March 2020, it comprised 50 constituent stocks with total market capitalisation of approximately HKD12,049,489million.

The Index was launched on 8 August 1994 and had a base level of 2,000 on 3 January 2000.

The Index is denominated in HKD.

Index Provider

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

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

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

Index methodology

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

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

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

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

Constituent eligibility

The universe of the Index includes all H-Share companies that have their primary listing on the Main Board of the SEHK. The number of constituents is 50, including H Shares, Red chips and P chips.

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, except for Red-chips or P-chips qualifying for the "Fast Entry Mechanism" under which Red-chips and P-chips ranking within top 10 and top 11 to 20 among Mainland companies in terms of market value will be eligible for inclusion in the Index with 1 year and 2 years of listing history respectively.

(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. For Red-chips and P-chips qualified under the "Fast Entry Mechanism", the financial record requirements are adjusted accordingly – for example, Red-chips and P-chips qualified under the "Fast Entry Mechanism" with a listing history of 2 years will only be required to have positive profit, net cash generated from operating activities and cash dividends in the past 2 fiscal years.

Selection

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 H-Share, Red-chips and P-chips based on the following formula:

Combined Market Capitalisation Ranking	=	50% of Full Market Capitalisation Rank + 50% of Freefloat-adjusted Market Capitalisation Rank

The 50 eligible stocks that have the highest combined market capitalisation ranking among all eligible stocks will be selected as constituents of the Index.

Index reviews

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

Index rebalancing

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

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

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

Index constituents

You can obtain the list of the constituents of the Index, their respective weightings and additional information of the Index including the index methodology and the closing level of the Index from the website of the Index Provider at www.hsi.com.hk (this website has not been reviewed by the SFC).

Index codes

Bloomberg code: HSCEI
Reuters code: .HSCE

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

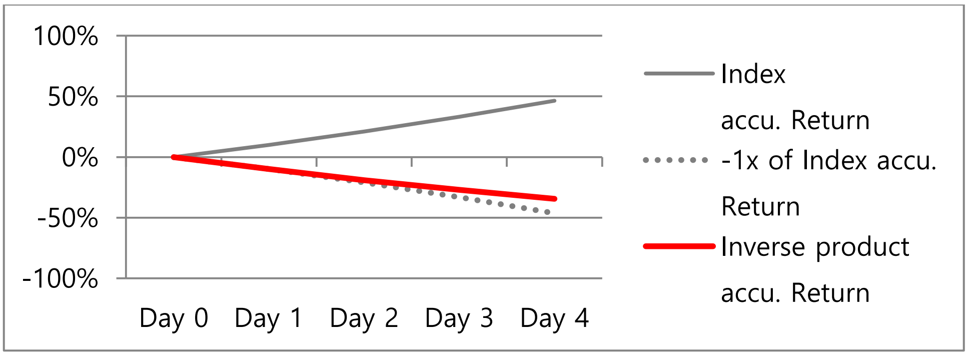
The Product's objective is to provide returns which are of a predetermined inverse factor (-1x) of the Daily performance of the Index. As such, the Product's performance may not track -1x the cumulative Index return over a period greater than 1 Business Day. This means that the return of the Index over a period of time greater than a single day multiplied by -100% generally will not equal the Product's performance over that same period. It is also expected that the Product will underperform the return of -100% of the Index in a trendless or flat market. This is caused by compounding, which is the cumulative effect of previous earnings generating earning or losses in addition to the principal amount, and will be amplified by the volatility of the market and the holding period of the Product. The following scenarios illustrate how the Product's performance may deviate from that of the cumulative Index return (-1x) over a longer period of time in various market conditions. All the scenarios are based on a hypothetical HKD10 investment in the Product.

Scenario I: Continuous upward trend

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

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse product NAV	Cumulative performance - Inverse product	Cumulative performance - -1x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	10%	110.00	10%	-10%	HKD9.00	-10%	-10%
Day 2	10%	121.00	21%	-10%	HKD8.10	-19%	-21%
Day 3	10%	133.10	33%	-10%	HKD7.29	-27%	-33%
Day 4	10%	146.41	46%	-10%	HKD6.56	-34%	-46%

The chart below further illustrates the difference between the Product's performance versus -1x the cumulative Index return in a continuous upward market trend over a period greater than 1 Business Day.

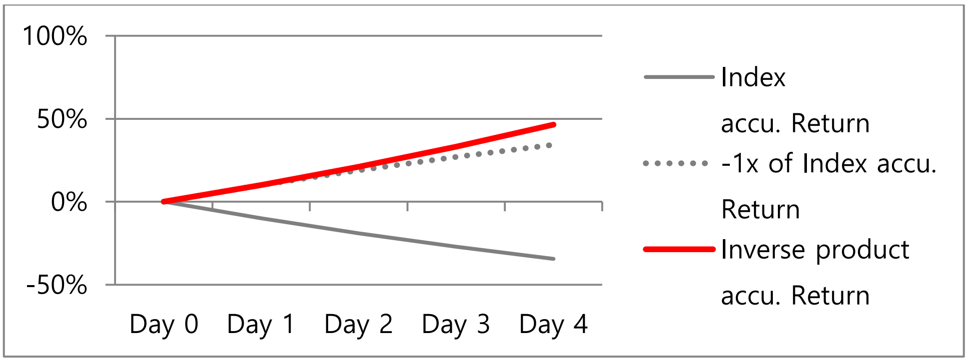


Scenario II: Continuous downward trend

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

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse product NAV	Cumulative performance - Inverse product	Cumulative performance - -1x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-10%	90.00	-10%	10%	HKD11.00	10%	10%
Day 2	-10%	81.00	-19%	10%	HKD12.10	21%	19%
Day 3	-10%	72.90	-27%	10%	HKD13.31	33%	27%
Day 4	-10%	65.61	-34%	10%	HKD14.64	46%	34%

The chart below further illustrates the difference between the Product's performance versus -1x the cumulative Index return in a continuous downward market trend over a period greater than 1 Business Day.

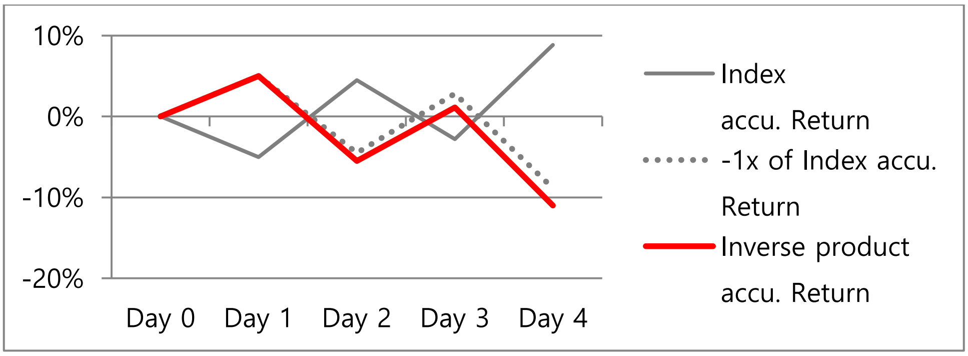


Scenario III: Volatile upward trend

In a volatile upward trend, where the Index generally moves upward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the cumulative Index return. As illustrated in the scenario below, where the Index grows by 9% over 5 Business Days but with daily volatility, the Product would have an accumulated loss of 11%, compared with a 9% loss which is -1x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse product NAV	Cumulative performance - Inverse product	Cumulative performance - -1x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-5%	95.00	-5%	5%	HKD10.50	5%	5%
Day 2	10%	104.50	5%	-10%	HKD9.45	-5%	-5%
Day 3	-7%	97.19	-3%	7%	HKD10.11	1%	3%
Day 4	12%	108.85	9%	-12%	HKD8.90	-11%	-9%

The chart below further illustrates the difference between the Product's performance versus -1x the Index accumulated return in a volatile upward market trend over a period greater than 1 Business Day.

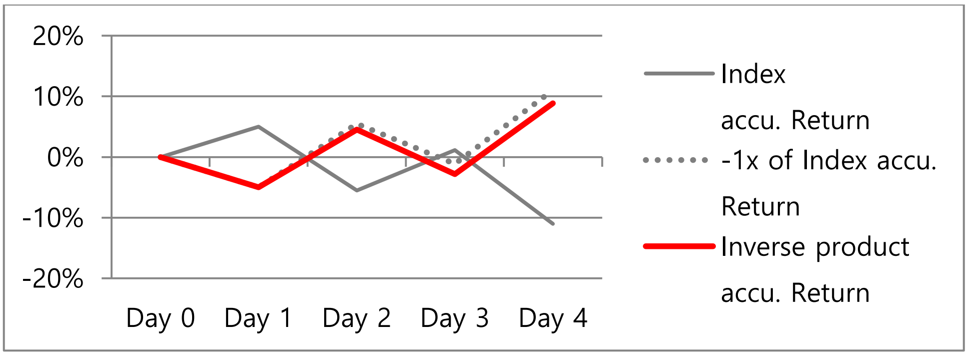


Scenario IV: Volatile downward trend

In a volatile downward trend, where the Index generally moves downward over a period longer than 1 Business Day but with daily volatility, the Product's performance may be adversely affected in that the Product's performance may fall short of -1x the cumulative Index return. As illustrated in the scenario below, where the Index falls by 11% over 5 Business Days but with daily volatility, the Product would have an accumulated gain of 9%, compared with a 11% gain which is -1x the cumulative Index return.

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse product NAV	Cumulative performance - Inverse product	Cumulative performance - -1x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	5%	105.00	5%	-5%	HKD9.50	-5%	-5%
Day 2	-10%	94.50	-6%	10%	HKD10.45	5%	6%
Day 3	7%	101.12	1%	-7%	HKD9.72	-3%	-1%
Day 4	-12%	88.98	-11%	12%	HKD10.88	9%	11%

The chart below further illustrates the difference between the Product's performance versus -1x the cumulative Index return in a volatile downward market trend over a period greater than 1 Business Day.

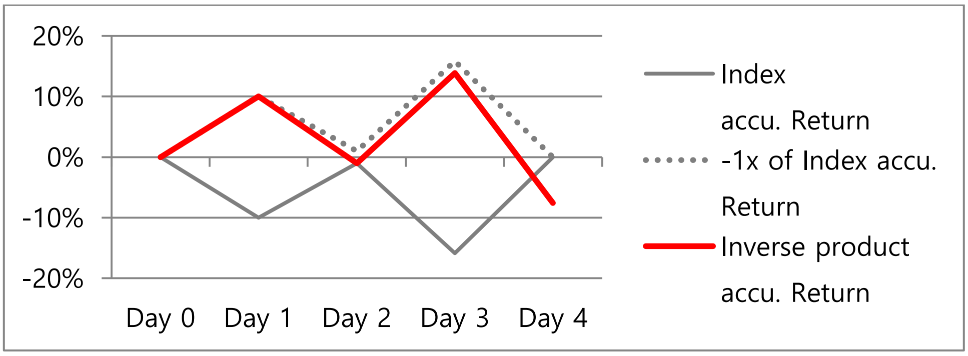


Scenario V: Volatile market with flat index performance

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

	Index Daily return	Index level	Index cumulative return	Inverse product Daily return	Inverse product NAV	Cumulative performance - Inverse product	Cumulative performance - -1x of Index
Day 0		100.00	0%		HKD10.00	0%	0%
Day 1	-10%	90.00	-10%	10%	HKD11.00	10%	10%
Day 2	10%	99.00	-1%	-10%	HKD9.90	-1%	1%
Day 3	-15%	84.15	-16%	15%	HKD11.39	14%	16%
Day 4	19%	100.00	0%	-19%	HKD9.22	-8%	0%

The chart below further illustrates the difference between the Product's performance versus -1x the cumulative Index return in a volatile market with flat index performance over a period greater than 1 Business Day.



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

Day.

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

For further illustration of the Product's performance under different market conditions, investors may access the 'performance simulator' on the Product's website at www.samsungetf.com.hk (this website has not been reviewed by the SFC), which will show the Product's historical performance data during a selected time period since the launch of the Product.

Explanation on path dependency

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

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

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

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

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

Index licence agreement

The term of the licence of the Index commenced on 3 March 2017 and should continue until terminated by either party with at least three months' prior written notice to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Index disclaimer

The Hang Seng China Enterprises Index (the "Index") is published and compiled by Hang Seng

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Creations

The current Dealing Deadline After Listing is 4:00 p.m. (Hong Kong time) on the relevant Dealing Day, or such other time as the Manager (with the approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

All Creation Applications must be made in cash (in HKD only). Settlement in cash for subscribing Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

Exchange listing and trading (secondary market)

Dealings on the SEHK in Units traded in HKD began on 14 March 2017. Units are traded on the SEHK in board lots of 200 Units.

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

Redemptions

Units can be redeemed directly (through a Participating Dealer). Redemption proceeds shall be paid in HKD only.

Stamp duty

The Product

Profit tax: As the Product has been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Product arising from the sale or disposal of HSCEI Futures Contracts, net investment income received by or accruing to the Product and other profits of the Product are exempt from Hong Kong profits tax.

Stamp duty: No Hong Kong stamp duty is payable by the Product on an issue or redemption of Units.

The Unitholders

Profit tax: Hong Kong profits tax is not payable by a Unitholder (other than Unitholders carrying on a trade, profession or business of investing in securities in Hong Kong) on any gains or profits made on the sale, redemption or other disposal of the Units.

Stamp duty: Stamp duty payable in respect of any transfer in the shares or units of an exchange traded fund (as defined in Part 1 of Schedule 8 to the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong)) on the SEHK is not payable. Accordingly transfers of Units do not attract stamp duty and no stamp duty is payable by Unitholders on any transfer.

Participating Dealers pay no Hong Kong ad valorem stamp duty when the Product issues or redeems Units.

Distribution policy

Income may be distributed at the Manager's discretion to Unitholders annually (usually in March of each year). The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount (in HKD only). Distribution payment rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including general economic conditions. Distributions may not be paid if the cost of the Product's operations is higher than the yield from management of the Product's cash and holding of investment products. There can be no assurance that the Manager will pay distributions for the Product.

The Manager may in its discretion make cash distributions to Unitholders out of capital or out of gross income (while charging/paying all or part of the Product's fees and expenses to/out of the capital of the Product) resulting in an increase in distributable income for the payment of distributions which is in effect a payment of distributions out of capital.

Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment out of or effectively out of the Product's capital may result in an immediate reduction of the Net Asset Value per Unit.

The composition of distributions payable on Units (i.e. the relative amounts of distributions paid and the percentages of dividends out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the Manager's website www.samsungetf.com.hk (this website has not been reviewed by the SFC). The Manager may amend the Product's distribution policy with respect to the distributions out of capital or effectively out of capital of the Product subject to the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Borrowing restriction

Borrowing for the account of the Product may only be effected on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

Fees and expenses

Management fee

The Manager is entitled to receive a management fee of up to 0.99% per year of the Net Asset Value of the Product. The current management fee in respect of the Product is 0.65% and is accrued daily and calculated as at each Dealing Day and payable monthly in HKD in arrears. This fee is payable out of the Trust Fund.

Trustee's and Registrar's fees

The Trustee receives out of the assets of the Product a monthly trustee's fee, payable in arrears, accrued daily and calculated as at each Dealing Day at 0.08% per year of the Net Asset Value of the Product, subject to a monthly minimum of HKD11,500.

The Registrar is entitled to receive from the Product a registrar fee of HKD160 per Participating Dealer per transaction for updating of the register record of the Product and from the Participating Dealer an administrative transaction fee of HKD3,900 per Participating Dealer per transaction for handling any cash creation and redemption of Units of the Product (payable by the Participating Dealer).

Brokerage rates

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

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

The above rates will amount to approximately 0.15% per annum of the Net Asset Value and may increase to approximately 0.30% per annum of the Net Asset Value in the event of unusual circumstances such as a high level of turnover.

Since commission is only charged once for each transaction in Futures Contracts, transaction costs are considered low compared to purchasing or selling the physical asset.

Termination amount

The Product may be terminated by the Manager without approval of the Unitholders where the aggregate Net Asset Value of all Units is less than HKD40,000,000.

Risks factors specific to the Product

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

Risks relating to Futures Contracts

Rolling of Futures Contracts risk

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

Contango and backwardation risk

As the HSCEI Futures Contracts included in the Product's portfolio come to expiration, they are replaced by contracts that have a later expiration. For example, a contract entered into a short position and held until September may specify a September expiration. As time passes, the contract expiring in September is replaced by a contract for expiration in October. This is accomplished by buying the September contract and entering into a short position of the October contract. This process is referred to as "short rolling". Excluding other considerations, if the market for these contracts is in "contango", where the prices are higher in the distant expiration months than in the nearer expiration months, the purchase of the September contract would take place at a price that is lower than the price of the October contract. Accordingly proceeds from closing out the September short position when rolling (buying and then selling the HSCEI Futures Contracts) would take place at a price that is lower than the price of the October contract, thereby creating a positive "roll yield". By contrast, if the market for these contracts is in "backwardation", where the prices are lower in the distant expiration months than in the nearer expiration months, the closing out of the September short position would take place at a price that is higher than the price of the October contract, thereby creating a negative "roll yield" which adversely affects the Net Asset Value.

Margin risk

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

Futures Contracts market risks

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

Clearing house's failure risk

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

Regulatory change risk

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

Risks relating to the Product

Inverse performance risk

The Product tracks the inverse Daily performance of the Index. Should the value of the underlying securities of the Index increase, it could have a negative effect on the performance of the Product. Unitholders could, in certain circumstances including a bull market, face minimal or no returns, or may even suffer a complete loss, on such investments.

Long term holding risk

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

Inverse Product vs. short selling risk

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

Unconventional return pattern risk

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

Rebalancing activities risk

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

Liquidity risk

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

Volatility risk

Prices of the Product may be more volatile than conventional ETFs because of the Daily rebalancing activities.

Intraday investment risk

The Product will normally be rebalanced near the end of a Business Day at or around the close of trading of the underlying futures market. As such, return for investors that invest for period less than a full trading day will generally be greater than or less than the inverse investment exposure to the Index, depending upon the movement of the Index from the end of one trading day until the time of purchase.

Portfolio turnover risk

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

Path dependency

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

Concentration and PRC market risk

The Product is subject to concentration risk as a result of tracking the inverse performance of a single geographical region or country (the PRC including Hong Kong). The value of the Product may be more volatile than that of a fund having a more diverse portfolio of investments.

The Index constituents are companies listed on the SEHK and primarily traded in Hong Kong, and have substantial business exposure to the PRC, an emerging market. Investments of the Product may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

Index constituents and Futures Contracts price limit risk

The Product seeks to rebalance its portfolio at or around the close of trading of the underlying futures market on each Business Day. The HSCEI Futures market is subject to a Volatility Control Mechanism ("VCM") under the rules of the HKFE, whereby a 5-minute cooling-off period is triggered if the price of a HSCEI Futures Contract deviates by more than 5% from the last traded price 5 minutes ago (the "VCM Reference Price"), and during the cooling-off period trading for the HSCEI Futures Contracts will continue within a fixed price band (±5% from the VCM Reference Price).

The Product's investment objective is to provide investment results that closely correspond to the inverse (-1x) Daily performance of the Index. Although the Index is an equity index, the Product invests in HSCEI Futures Contracts. Securities listed on the SEHK such as the constituents of the Index are also subject to a VCM but under the rules of the SEHK, whereby during the continuous trading session, a 5-minute cooling-off period is triggered if price of a security deviates by more than ±10% from the last traded price 5 minutes ago, and trading for that security will only continue within a fixed price band (±10% of the last trading price) during the cooling-off period. There will be a maximum of one VCM trigger in each trading session (morning session and afternoon session are counted as two separate trading sessions). As such, the price movement of the Index may be greater than the HSCEI Futures Contracts' price movement. If the VCM cooling-off period is triggered at or around the close of trading of the underlying futures market on any Business Day, this may result in imperfect Daily rebalancing of the Product.

Trading hour differences risk

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

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

Holding of HSCEI Futures Contracts restriction in number risk

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

Suspension of creation risk

There can be no assurance that there are sufficient HSCEI Futures Contracts in the market available to the Product to fully satisfy subscription requests. This may result in a need for the Manager to close the Product to further creations. This may result in divergence between the trading price of the Unit and the Net Asset Value per Unit. In extreme circumstances, the Product may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to illiquidity of the HSCEI Futures Contracts, and delay or disruption in execution of trades or in settlement of trades.

Distributions out of or effectively out of capital risk

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

Investment in other funds risk

As part of the Product's investment strategy, the Manager will apply not less than 90% of the Net Asset Value for investment in cash and other investment products such as SFC authorised money market funds. Although such funds will be regulated in Hong Kong, the Product will be exposed to the risk of investing in another management company's funds with all the related risks which attach to unlisted funds generally. In particular, as an investor in such funds, the Product will ultimately bear the fees and expenses of the underlying funds including management fees charged by the underlying management company. These charges will be in addition to the fees payable by the Product to the Manager.

Reliance on Market Maker risk

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units, it should be noted that the Product may have to be terminated if there is no Market Maker. The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker for the Units will give not less than 3 months' notice prior to terminating market making under the relevant market making agreements.

Appendix dated 29 April 2020