IMPORTANT:

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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.

This document is important and requires your immediate attention. If you are in any doubt about the contents of this Announcement, you should seek professional advice. Investment involves risks which may result in significant loss as there is no guarantee on investment returns.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement 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.

CSOP ASSET MANAGEMENT 南方東英

CSOP LEVERAGED AND INVERSE SERIES

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

CSOP Berkshire Daily (2x) Leveraged Product
USD Counter Stock Code: 09777
HKD Counter Stock Code: 07777

CSOP Coinbase Daily (2x) Leveraged Product
USD Counter Stock Code: 09711
HKD Counter Stock Code: 07711

CSOP Coinbase Daily (-2x) Inverse Product
USD Counter Stock Code: 09311
HKD Counter Stock Code: 07311

CSOP MicroStrategy Daily (2x) Leveraged Product
USD Counter Stock Code: 09799
HKD Counter Stock Code: 07799

CSOP MicroStrategy Daily (-2x) Inverse Product
USD Counter Stock Code: 09399
HKD Counter Stock Code: 07399

CSOP NVIDIA Daily (2x) Leveraged Product
USD Counter Stock Code: 09788
HKD Counter Stock Code: 07788

CSOP NVIDIA Daily (-2x) Inverse Product
USD Counter Stock Code: 09388
HKD Counter Stock Code: 07388

CSOP Samsung Electronics Daily (2x) Leveraged Product
USD Counter Stock Code: 09747
HKD Counter Stock Code: 07747

CSOP Samsung Electronics Daily (-2x) Inverse Product
HKD Counter Stock Code: 07347

CSOP SK Hynix Daily (2x) Leveraged Product
Stock Code: 07709 (HKD Counter)
CSOP Tesla Daily (2x) Leveraged Product
USD Counter Stock Code: 09766
HKD Counter Stock Code: 07766
CSOP Tesla Daily (-2x) Inverse Product
USD Counter Stock Code: 09366
HKD Counter Stock Code: 07366
(each a "**Product**", collectively, the "**Products**")

ANNOUNCEMENT

Change of Investment Objective and Product Name

CSOP Asset Management Limited 南方東英資產管理有限公司 (the "**Manager**"), the manager of the Trust and the Products, wishes to inform Unitholders of the Products that, the Manager has decided to enhance the Products by adopting a flexible leverage structure in light of the SFC's Circular on listed structured funds revised on 24 July 2026.

With effect from 3 August 2026 (the "**Effective Date**"):

- To cope with the rapidly evolving market conditions and to support the Products' effectiveness as daily trading and hedging tools for investors, the Products will adopt a flexible leverage structure under which the leverage factor of each leveraged Product or each inverse Product may vary on a daily basis depending on market circumstances, subject to the maximum leverage factor of two times (2x) (for leveraged Products) or two times inverse (-2x) (for inverse Products).

- The names of the Products will be changed.

- Investors should refer to the Products' websites[1] and the HKEX's website at www.hkexnews.hk for the targeted leverage factor of the Products for the next Trading Day, which will be published as soon as reasonably practicable after market close on each Trading Day, and for Products whose Underlying Stocks are traded in markets in substantially different time zones from Hong Kong, before the market opens on the next Trading Day. Accordingly, the targeted leverage factor for 3 August 2026 will be published after market close on 31 July 2026 and, in any event, before the market opens on 3 August 2026.

The Products are not intended for holding longer than one day as their performance over a longer period may deviate from and be uncorrelated to the leveraged or inverse (as the case may be) performance of their respective Underlying Stocks over the period. Investors should exercise caution in dealing with the Units of the Products.

Stockbrokers and financial intermediaries are urged to forward a copy of this Announcement to their clients holding Units in the Products, and inform them of the contents of this Announcement as soon as possible.

Unless otherwise defined in this Announcement, capitalised terms used in this Announcement shall have the same meaning as defined in the Prospectus of the Trust and the Products.

<u>Change of Investment Objective of the Products</u>

Currently, the investment objective of the Products is to provide investment results that, before fees and expenses, closely correspond to twice (2x) (in the case of leveraged Products), or two times inverse (-2x) of (in the case of inverse Products), the Daily performance of their respective Underlying Stock.

[1] Each Product's website is set out in the relevant Appendix to the Prospectus and its product key facts statement.

With effect from the Effective Date, the Manager has decided to enhance the Products by adopting a flexible leverage structure, as detailed below, in light of the SFC's Circular on listed structured funds revised on 24 July 2026; to cope with the rapidly evolving market conditions; and to support the Products' effectiveness as daily trading and hedging tools for investors.

The investment objective of the Products will be revised to provide investment results that, before fees and expenses, closely correspond to the Daily targeted leveraged or inverse performance of their respective Underlying Stock. The leverage factor may vary on a daily basis depending on market circumstances, and the Manager will seek to maintain the leverage factor at twice (2x) (in the case of leveraged Products), or two times inverse (-2x) of (in the case of inverse Products), the Daily performance of the Underlying Stock under normal market conditions.

Under certain market circumstances (e.g. capacity constraints or cost implication), the leverage factor of the Products applicable to a particular Trading Day may be lower or substantially lower than the maximum leverage factor (i.e. lower than two times (2x) and may be as low as 1.1 times (in the case of leveraged Products), or lower than two times inverse (-2x) and may be as low as -1.1 times (in the case of inverse Products), under extreme market conditions). The Manager will seek to restore a leveraged Product's leverage factor to two times (2x), or an inverse Product's leverage factor to two times inverse (-2x), as soon as possible once the constraints subside.

The Manager will publish the Daily targeted leverage factor of the Products for the next Trading Day on the Products' websites and HKEX's website at www.hkexnews.hk as soon as reasonably practicable after market close on each Trading Day, and for Products whose Underlying Stocks are traded in markets in substantially different time zones from Hong Kong, before the market opens on the next Trading Day. Accordingly, the targeted leverage factor for 3 August 2026 will be published after market close on 31 July 2026 and, in any event, before the market opens on 3 August 2026. **Investors should refer to the Products' websites and the HKEX's website at www.hkexnews.hk for the targeted leverage factor of the Products for the next Trading Day.**

At the time of Daily rebalancing, the Manager will seek to maintain each Product's net derivative exposure to financial derivative instruments within +/-2% of the targeted exposure. Accordingly, the actual leverage factor of each Product after rebalancing may deviate from its Daily targeted leverage factor by such small margin due to factors including, but not limited to, foreign exchange movements, fees and financing costs, trading slippage and rounding constraints. However, the deviation may exceed +/-2% due to unforeseeably large market movements or extreme circumstances during the rebalancing period. Investors can refer to the Products' websites for the actual leverage factor which will be updated on each Business Day (i.e. a day on which both the SEHK and the underlying market are open for normal trading[2]) after the close of the underlying market.

Investors are reminded that "**Daily**" performance of a Product (i.e. the NAV return) or the "**Daily**" leveraged or inverse performance of the Underlying Stock of such Product covers the period from the close of the underlying market on which the Underlying Stock is traded of a given Business Day (i.e. when both the SEHK and the underlying market are open for normal trading) until the close of the underlying market on the subsequent Business Day. Accordingly, "**Daily**" performance may include a period of more than one day if the SEHK and/or the underlying market is closed following a given Business Day, for example, due to holiday(s) or other reasons. In this regard, investors should refer to "**Investment risk intraday and between Business Days**" as set out in Appendix II of this Announcement.

The key changes to the existing investment objective of the Products with the new investment objective from the Effective Date is set out in the Appendix I of this Announcement.

Change of name of the Products

As a result of the change of investment objective, the names of the Products will change as follows:

[2] Circumstances (as the case may be and as applicable) such as, but not limited to, trading halts due to stock price limits, market circuit breakers, unforeseen incidents, or other disruptions may impede normal trading activities. On such occasions, the day may not qualify as a Business Day, unless otherwise agreed by the Manager and the Trustee.

	As of the date of this Announcement	From the Effective Date onwards
CSOP Berkshire Daily (2x) Leveraged Product		
English name	CSOP Berkshire Daily (2x) Leveraged Product	CSOP Berkshire Daily Max (2x) Leveraged Product
Chinese name	南方東英 Berkshire 每日槓桿 (2x) 產品	南方東英 Berkshire 每日槓桿最多(2x) 產品
CSOP Coinbase Daily (2x) Leveraged Product		
English name	CSOP Coinbase Daily (2x) Leveraged Product	CSOP Coinbase Daily Max (2x) Leveraged Product
Chinese name	南方東英 Coinbase 每日槓桿 (2x) 產品	南方東英 Coinbase 每日槓桿最多(2x) 產品
CSOP Coinbase Daily (-2x) Inverse Product		
English name	CSOP Coinbase Daily (-2x) Inverse Product	CSOP Coinbase Daily Max (-2x) Inverse Product
Chinese name	南方東英 Coinbase 每日反向 (-2x) 產品	南方東英 Coinbase 每日反向最多 (-2x) 產品
CSOP MicroStrategy Daily (2x) Leveraged Product		
English name	CSOP MicroStrategy Daily (2x) Leveraged Product	CSOP MicroStrategy Daily Max (2x) Leveraged Product
Chinese name	南方東英 MicroStrategy 每日槓桿 (2x) 產品	南方東英 MicroStrategy 每日槓桿最多 (2x) 產品
CSOP MicroStrategy Daily (-2x) Inverse Product		
English name	CSOP MicroStrategy Daily (-2x) Inverse Product	CSOP MicroStrategy Daily Max (-2x) Inverse Product
Chinese name	南方東英 MicroStrategy 每日反向 (-2x) 產品	南方東英 MicroStrategy 每日反向最多 (-2x) 產品
CSOP NVIDIA Daily (2x) Leveraged Product		
English name	CSOP NVIDIA Daily (2x) Leveraged Product	CSOP NVIDIA Daily Max (2x) Leveraged Product
Chinese name	南方東英英偉達每日槓桿 (2x) 產品	南方東英英偉達每日槓桿最多 (2x) 產品
CSOP NVIDIA Daily (-2x) Inverse Product		
English name	CSOP NVIDIA Daily (-2x) Inverse Product	CSOP NVIDIA Daily Max (-2x) Inverse Product
Chinese name	南方東英英偉達每日反向 (-2x) 產品	南方東英英偉達每日反向最多 (-2x) 產品
CSOP Samsung Electronics Daily (2x) Leveraged Product		
English name	CSOP Samsung Electronics Daily (2x) Leveraged Product	CSOP Samsung Electronics Daily Max (2x) Leveraged Product
Chinese name	南方東英三星電子每日槓桿(2x)產品	南方東英三星電子每日槓桿最多(2x)產品
CSOP Samsung Electronics Daily (-2x) Inverse Product		
English name	CSOP Samsung Electronics Daily (-2x) Inverse Product	CSOP Samsung Electronics Daily Max (-2x) Inverse Product
Chinese name	南方東英三星電子每日反向(-2x)產品	南方東英三星電子每日反向最多(-2x)產品
CSOP SK Hynix Daily (2x) Leveraged Product		
English name	CSOP SK Hynix Daily (2x) Leveraged Product	CSOP SK Hynix Daily Max (2x) Leveraged Product
Chinese name	南方東英 SK 海力士每日槓桿(2x)產品	南方東英 SK 海力士每日槓桿最多(2x)產品

CSOP Tesla Daily (2x) Leveraged Product		
English name	CSOP Tesla Daily (2x) Leveraged Product	CSOP Tesla Daily Max (2x) Leveraged Product
Chinese name	南方東英特斯拉每日槓桿 (2x) 產品	南方東英特斯拉每日槓桿最多 (2x) 產品
CSOP Tesla Daily (-2x) Inverse Product		
English name	CSOP Tesla Daily (-2x) Inverse Product	CSOP Tesla Daily Max (-2x) Inverse Product
Chinese name	南方東英特斯拉每日反向 (-2x) 產品	南方東英特斯拉每日反向最多 (-2x) 產品

Risk Factors relating to the Products

As a result of the changes described in this Announcement, the Products will be subject to flexible leverage structure risk, as summarised below:

Risks associated with the adoption of flexible leverage structure

- The Products will adopt a flexible leverage structure, under which the leverage factor may vary on a daily basis, subject to a maximum leverage factor of two times (2x) (in the case of a leveraged Product), or two times inverse (-2x) (in the case of an inverse Product). While the Manager will seek to maintain the leverage factor at two times (2x) (in the case of a leveraged Product), or two times inverse (-2x) (in the case of an inverse Product), under normal market conditions, under certain market circumstances (e.g. capacity constraints or cost implication), the leverage factor of the Products applicable to a particular Trading Day may be lower or substantially lower than the maximum leverage factor (i.e. lower than two times (2x) and may be as low as 1.1 times (in the case of a leverage Product), or lower than two times inverse (-2x) and may be as low as -1.1 times (in the case of an inverse Product), under extreme market conditions).

- The determination of the leverage factor depends on the prevailing market conditions and capacity constraints. A lower leverage factor may be adopted at a timing that may be disadvantageous to investors, for example, if the leverage factor is reduced from two times (2x) before a sharp increase in the price of the Underlying Stock (in the case of a leveraged Product), or if the leverage factor is reduced from two times inverse (-2x) before a sharp decline in the price in the Underlying Stock (in the case of an inverse Product), the Product may fail to capture anticipated gains it would otherwise have under the original or higher leverage factor. The adoption of a lower leverage factor may still amplify the adverse effects of path dependency or compounding if investors hold the Product for longer than the rebalancing interval, i.e. one Business Day.

In addition to the above, the Products will generally continue to be subject to the same risks to which they are currently exposed, with key amendments resulting from the change of investment objective as set out in Appendix II of this Announcement. Investors should exercise caution in dealing with the Units of the Products and pay special attention to risk factors as mentioned below. Investors should also refer to the risk factors disclosed in the Prospectus and product key facts statements ("**KFSs**") of the Products.

Unitholders are urged to exercise caution when dealing in the Products.

Impact on the Products

The changes described in this Announcement do not require Unitholders' approval. The Trustee has no objection to the changes described in this Announcement. It should also be noted that any subsequent change to the leverage factor of each Product does not require prior approval from the Trustee.

As a result of the change of investment objective of the Products, past performance of the Products prior to the Effective Date was achieved under circumstances which will no longer apply from the Effective Date. Investors should exercise caution when considering the past performance of the Products prior to the Effective Date.

The Manager will bear all costs and/or expenses incurred in respect of the changes described in this Announcement.

Save as disclosed above, there will be no other changes to the operation and/or manner in which the Products are being managed and there is no effect on existing Unitholders of the Products. There will be no change in the fee level or costs in managing the Products following the implementation of the changes described in this Announcement, which has no impact on the estimated ongoing charges and tracking difference of the Products. The Manager believes that the changes described in this Announcement will not materially prejudice the rights or interests of the existing Unitholders of the Products.

General

The above changes and consequential amendments will be reflected in the revised Prospectus and KFSs of the Products, which will be published on the Manager's website at www.csopasset.com (this website has not been reviewed by the SFC) and the HKEX's website at www.hkexnews.hk.

Copies of the constitutive documents are available for inspection free of charge at the offices of the Manager (see below for address) during office hours and copies thereof may be obtained from the Manager upon the payment of a reasonable fee.

If you have any queries or require further information in relation to any aspect of this Announcement, please contact the Manager at its office 2801-2803, Two Exchange Square, 8 Connaught Place, Central, Hong Kong or its Customer Service Hotline at (852) 3406 5688.

By Order of the Board
CSOP Asset Management Limited
Chief Executive Officer
Ding Chen

27 July 2026

As of the date of this Announcement, the board of directors of the Manager comprises 7 Directors namely, Mr. Zhou Yi, Ms. Chen Li, Mr. Yang Xiaosong, Mr. Cai Zhongping, Ms. Ding Chen, Mr. Wang Qin and Mr. Zhang Huachen.

Appendix I

Key changes to Existing and New Investment Objective of the Products

The investment objective of each Product is to provide investment results that, before fees and expenses, closely correspond to ~~twice (2x) (in the case of a leveraged Product) or the two times inverse (-2x) of (in the case of an inverse Product)~~ the Daily targeted leveraged or inverse performance of its Underlying Stock. The leverage factor may vary on a daily basis depending on market circumstances, and the Manager will seek to maintain the leverage factor at twice (2x) (in the case of a leveraged Product), or two times inverse (-2x) of (in the case of an inverse Product). the Daily performance of the Underlying Stock under normal market conditions. 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 or inverse performance of the Underlying Stock or the performance of the Product (i.e. the NAV return), means the leveraged or inverse performance of the Underlying Stock or the performance of the Product (as the case may be) from the close of market ~~of~~ on a given Business Day (i.e. a day when the SEHK and the underlying market are open for normal trading) until the close of the market on the subsequent Business Day. Accordingly, "**Daily**" performance may include a period of more than one day if the SEHK and/or the underlying market is closed following a given Business Day, for example, due to holiday(s) or other reasons.

Flexible Leverage Structure

Under certain market circumstances (e.g. capacity constraints or cost implication), the leverage factor of the Product applicable to a particular Trading Day may be lower or substantially lower than the maximum leverage factor (i.e. lower than two times (2x) and may be as low as 1.1 times (in the case of a leverage Product), or lower than two times inverse (-2x) and may be as low as -1.1 times (in the case of an inverse Product) under extreme market conditions). The Manager will seek to restore a leveraged Product's leverage factor to two times (2x), or an inverse Product's leverage factor to two times inverse (-2x), as soon as possible once the constraints subside.

The Manager will publish the Daily targeted leverage factor of the Product for the next Trading Day on the Product's website and HKEX's website at www.hkexnews.hk as soon as reasonably practicable after market close on each Trading Day, and in any event, before the market opens on the next Trading Day. Investors should refer to the Products' websites and the HKEX's website at www.hkexnews.hk for the targeted leverage factor of the Products for the next Trading Day.

At the time of Daily rebalancing, the Manager will seek to maintain the Product's net derivative exposure to financial derivative instruments within +/-2% of the targeted exposure. Accordingly, the actual leverage factor of the Product after rebalancing may deviate from the Daily targeted leverage factor by such small margin due to factors including, but not limited to, foreign exchange movements, fees and financing costs, trading slippage and rounding constraints. However, the deviation may exceed +/-2% due to unforeseeably large market movements or extreme circumstances during the rebalancing period. Investors can refer to the Product's website for the actual leverage factor which will be updated on each Business Day after the close of the underlying market.

Appendix II

Other key risks applicable to the Products

The Products will continue to be subject to the same risks to which they are currently exposed, including, but not limited to, extreme price volatility risk, swap capacity limit risk, options capacity limit risk, leverage risk, inverse performance risk (applicable to inverse Products only), unconventional return pattern risk (applicable to inverse Products only), rebalancing risk, investment risk intraday and between Business Days, trading risk, trading differences risks, tracking error and correlation risks and long term holding risks, with key amendments resulting from the change of investment objective, as summarised below:

Extreme price volatility risk

- Prices of the Product may be more volatile than conventional ETFs because of the use of leverage and the daily rebalancing activities and the leverage effect. Furthermore, the Product is concentrated in a single Underlying Stock. Given its non-diversified and leveraged nature, the Product is subject to extreme price volatility and may become non-viable within a short period. You may lose a significant portion or all of your investment within one day.

- In addition, under extreme market conditions, the trading price of the Units may fall to a very low nominal level. In such circumstances, the bid-ask spreads of the Product may widen significantly, trading liquidity may deteriorate, and market makers may face practical difficulties or be unable to fulfil their market making obligations. The trading price may reach the price floor of 0.01 (of any available currency unit). Where this occurs, the secondary market trading price of the Units may not be able to fully reflect movements in the NAV or indicative NAV of the Product, and the Units may trade at prices that deviate materially from their respective NAV. Investors should exercise caution when trading the Units in the secondary market and should consider the latest available NAV, indicative NAV, trading price, bid-ask spread and liquidity of the Product before making any investment decision.

- Under exceptional circumstances where the Product is at significant risk of becoming non-viable, the Manager may use its discretion to deviate from the investment strategy or take defensive measures, which may include (i) liquidating swap positions and re-entering the swap contracts at the market close on the same Business Day depending on market condition; (ii) activating a stop loss mechanism for swap positions; and (iii) suspending trading of the Product, in order to safeguard the interests of the Product and its Unitholders to prevent potential negative fund value and protect the interests of the investors. Such circumstances may arise if there are extreme price movements of the Underlying Stock and the Manager will issue a notice to inform investors.

- Regarding the stop loss mechanism, the Manager has pre-agreed with each Swap Counterparty in the contractual terms set out in the agreements a mechanism that aims to limit the downside of the relevant swap positions so that such positions retain at least 10% of the Product's NAV of the last Business Day (before any fees and costs, including but not limited to swap fee and unwinding fee) for each dealing day should the Underlying Stock experience extreme price movements. For the avoidance of doubt, this mechanism applies solely at the level of the relevant swap positions and does not constitute, nor should it be construed as, a floor or guarantee on the Product's overall portfolio or its NAV. If that eventuates, the indicative NAV of the Product will reflect the impact of the stop loss mechanism in respect of the swap positions, among other factors. However, the NAV or indicative NAV of the Product may not necessarily be maintained at 10% of the Product's NAV of the last Business Day, including as a result of fees, costs, expenses, other investments of the Product, market movements or other circumstances.

- The stop loss mechanism may result in a greater tracking difference and a higher risk that the Product is traded at a premium or discount in the secondary market. Investors should refer to the indicative NAV and NAV of the last Business Day of the Product on the Product's website and should take caution to ascertain whether the secondary trading prices are reasonable.

- Please note that there is no guarantee that (i) the stop loss mechanism will fully and effectively achieve its desired result; and (ii) the secondary trading prices of the Product will reflect such swap stop loss mechanism.

- (Applicable only to Products that may use options) Separately, in managing the options positions, the Manager may have regard to a residual value reference level for such options positions of approximately 10% of the Product's NAV as of the previous Business Day, before any fees, costs, foreign exchange impact and other variables. However, there is no assurance or guarantee that any such reference level will be achieved and no particular level of protection, residual value or NAV is guaranteed.

Synthetic replication and counterparty risk

- *Capacity limit risk:* The Swap Counterparties may also be subject to a capacity limit representing the commitment of the Swap Counterparty to conduct the Swap transactions to provide the required exposure to the Underlying Stock for the Product. Accordingly, the Product’s exposure to the Underlying Stock may be affected. Whilst the Manager does not anticipate that this will have any immediate effect on the Product, if any Swap Counterparty reaches its capacity limit or if the NAV of the Product grows significantly this may prevent creations of Units due to the inability of the Product to conduct Swap transactions. This may cause a divergence between the trading price of a Unit on the SEHK and the NAV per Unit. The investment exposure could also deviate from the target exposure which adds tracking error to the Product.

Options contracts risks (applicable only to Products that may use options)

- The Option Counterparties may also be subject to a capacity limit to conduct the Option transactions to provide the required exposure to the Underlying Stock for the Product. Whilst the Manager does not anticipate that this will have any immediate effect on the Product, if any Option Counterparty reaches its capacity limit or if the NAV of the Product grows significantly this may prevent creations of Units due to the inability of the Product to conduct Option transactions. This may cause a divergence between the trading price of a Unit on the SEHK and the NAV per Unit. The investment exposure could also deviate from the target exposure which adds tracking error to the Product.

Leverage risk

- The Product will utilise leverage to achieve a Daily return equivalent to ~~twice (2x) (in the case of a leveraged Product) or minus two times (-2x) (in the case of an inverse Product)~~ the Daily targeted leveraged or inverse return of the Underlying Stock. 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 (in the case of a leveraged Product) or a bull market (in the case of an inverse Product) will be substantially more than a fund that does not employ leverage.

Inverse performance risk (applicable to inverse Products only)

- The Product tracks the ~~two times~~ Daily targeted inverse performance of the Underlying Stock on a Daily basis, using leverage to achieve a Daily return equivalent to ~~twice~~ the Daily targeted inverse performance of the Underlying Stock. Both gains and losses will be magnified and in the ~~two times~~ Daily targeted inverse ~~(-2x)~~ direction of the Daily performance of the Underlying Stock. Should the price of the Underlying Stock increase, it could have a magnified 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.

Unconventional return pattern risk (applicable to inverse Products only)

- Risk investment outcome of the Product is the opposite of conventional investment funds, and any gains and losses will be magnified by approximately ~~two times~~ the Daily targeted leverage factor. If the price of the Underlying Stock increases for extended periods, the Product will likely to lose most or all of its value.

Risk of rebalancing activities

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

~~Intraday investment risk~~ Investment risk intraday and between Business Days

- The Product is normally rebalanced at the end of trading of the underlying market on ~~a~~ each Business Day, where both SEHK and the underlying market are open for normal trading. For other points of time between two Business Days, the Product's exposure to the Underlying Stock relative to its intraday NAV may be different from the latest Daily targeted leverage factor, due to movement of the price of the Underlying Stock since the end of the previous Business Day. As such, return for investors that ~~invest for period less than a full trading day~~ purchase the Product during these points of time (e.g. in the middle of the trading session) will generally be ~~greater than or less than~~ different from the ~~two times~~ Daily targeted leveraged or inverse investment exposure to the Underlying Stock~~, depending upon the movement of the price of the Underlying Stock from the end of one trading day until the time of purchase~~.

- In addition, the Product may not rebalance on a day that is not a Business Day for various reasons. For example, if the underlying market is closed (for example, due to holiday(s) or other reasons) on the day(s) following such Business Day (the "**Following Day(s)**"), the Product will not rebalance on such Following Day(s), notwithstanding the Product can be traded on the SEHK on such Following Day(s). Alternatively, if the SEHK is closed, but the underlying market remains open, on the Following Day(s), the Product will not rebalance on such Following Day(s) as well. Furthermore, if there is an unexpected closure, trading halt or suspension of the underlying market on the Following Day(s), the Manager may not be able to adjust the underlying exposure of the Product as originally contemplated until the next available Business Day. In such circumstances, "**Daily**" shall be construed to mean the period from the close of the underlying market on a Business Day to the close of the underlying market on the next Business Day, and return for investors that invest for period less than a full Daily rebalancing cycle (which, for the avoidance of doubt, may include more than one day) will generally be greater than or less than the Daily targeted leveraged or inverse investment exposure to the Underlying Stock, depending upon the movement of the price of the Underlying Stock from the end of one Business Day until the time of purchase.

For further information, investors should refer to the illustrative scenarios in the revised Prospectus.

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. Units may trade at a substantial premium or discount to the NAV. If investors buy the Units at a premium, its subsequent price performance may significantly deviate from the Daily targeted leveraged or inverse performance of the Underlying Stock when the premium subsequently narrows.

- 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 NAV per Unit when buying Units on the SEHK, and may receive less than the NAV per Unit when selling Units on the SEHK.

Trading differences risks

- Premiums or discounts to the NAV may arise when the Product and its Underlying Stock trade on exchanges that are in different time zones. As the exchange of the Underlying Stock may be open when the Units are not priced, the value of the Product's portfolio may change on days when investors will not be able to purchase or sell Units. On the other hand, if the exchange of the Underlying Stock is closed (e.g. due to holiday or severe weather conditions) while the SEHK is open, this may affect the level of premium or discount of the trading price of the Product to its NAV. 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 NAV. In case the trading of the Underlying Stock is suspended, the Product may encounter a higher level of premium or discount of the trading price of the Product to its NAV. The trading price of the Units may deviate significantly from NAV, particularly during volatile market conditions.

Tracking error and correlation risks

- The Product may be subject to tracking error risk, which is the risk that its performance may not track that of the ~~two times~~ Daily targeted leveraged or inverse performance of the Underlying Stock exactly. This tracking error may result from the investment strategy used, high portfolio turnover, liquidity of the market and fees and expenses (including those associated with the Product's use of financial derivative instruments) and the correlation between the performance of the Product and the ~~two times~~ Daily targeted leveraged or inverse performance of the Underlying Stock 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 of the ~~two times~~ leveraged or inverse performance of the Underlying Stock at any time, including on an intra-day basis or between a Business Day.

- The Product will be subject to a higher tracking difference as the cost of portfolio construction is higher with the use of options, including potential adverse valuation impacts on the options resulting from mark-to-market fluctuations. In extreme market conditions and exceptional circumstances, the cost of portfolio construction may increase significantly and may have an adverse impact on the NAV and tracking difference of the Product.

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 or inverse performance of the Underlying Stock over that same period (e.g. the loss may be more than ~~twice~~ the fall in the price of the Underlying Stock (in the case of a leveraged Product) or ~~2 times~~ the increase in the price of the Underlying Stock (in the case of an inverse Product) multiplied by the Daily targeted leverage factor.

- The effect of compounding becomes more pronounced on the Product's performance as the price of the Underlying Stock experiences volatility. With higher volatility of the price of the Underlying Stock, the deviation of the Product's performance from the leveraged or inverse performance of the Underlying Stock will increase, and the performance of the Product will generally be adversely affected.

- As a result of Daily rebalancing, the volatility of the price of the Underlying Stock 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 Underlying Stock's performance increases (in the case of a leveraged Product) or deceased (in the case of an inverse Product) or is flat.