

Important: If you are in any doubt about the contents of this Addendum, you should consult your stockbroker, bank manager, solicitor, accountant and other financial adviser for independent financial advice.

This Addendum forms an integral part of and should be read in conjunction with the Prospectus of the Products dated 29 September 2017 (the “**Prospectus**”).

Samsung Asset Management (Hong Kong) Limited (the “**Manager**”) accepts responsibility for the accuracy of the information contained in this Addendum as being accurate at the date hereof.

Samsung HSCEI Daily (2x) Leveraged Product

Stock Code: 07228

Samsung HSCEI Daily (-1x) Inverse Product

Stock Code: 07328

(collectively the “**Products**”)

*(sub-funds of 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 Hong Kong)*

First Addendum to the Prospectus

The following changes to the Prospectus shall apply with effect from the date of this Addendum:

1. In the “DEFINITIONS” section, the following definitions are inserted on pages 4 to 6 of the Prospectus:

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

“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.

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

2. Under the “HSCEI Futures Contracts” sub-section, the first three paragraphs after the HSCEI Futures Contracts key specifications table on page 5 of each of Appendix 3 and Appendix 4 of the Prospectus are deleted in their entirety and replaced with the following:

“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 (the contents of which 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.”

3. **Under the “General Information on the Index” sub-section on page 6 of each of Appendix 3 and Appendix 4 of the Prospectus, the first paragraph is deleted in its entirety and replaced with the following:**

“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.”

4. **Under the “General Information on the Index” sub-section on page 6 of each of Appendix 3 and Appendix 4 of the Prospectus, the fourth paragraph is deleted in its entirety and replaced with the following:**

“As at 26 February 2018, it comprised 40 constituent stocks with total market capitalisation of approximately HKD6,055,617 million.”

5. **The “Constituent eligibility” sub-section on pages 6 to 7 of each of Appendix 3 and Appendix 4 of the Prospectus is deleted in its entirety and replaced with the following:**

“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 H-Shares constituents is 40 whereas the total number of Red-chips and P-chips constituents is 10. Please refer to the sub-section “Inclusion factor and adjusted cap level for Red-chips and P-chips constituents” below to understand more about the proportion of the H-Shares, Red-chips and P-chips constituents in the Index.

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

$$\text{Turnover Velocity} = \frac{\text{Median of daily traded shares in specific calendar month}}{\text{Freefloat-adjusted issued shares at month end}}$$

Turnover velocity of a new constituent entering the Index must meet the minimum requirement for at least 10 out of the past 12 months and for all of the latest three months. Turnover velocity of an existing constituent of the Index must meet the minimum requirement for at least 10 out of the past 12 months.

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

- (i) 3 years of listing history for companies listed through an IPO, or 6 years of listing history for companies listed through a backdoor listing.
- (ii) The past 1-month, 3-month and 12-month historical price volatility of a potential constituent should not be more than 3 times the historical price volatility of the Index for the respective period.

- (iii) The profit, net cash generated from operating activities and cash dividends of the company in the past 3 fiscal years must be greater than zero.

Selection

Then, all eligible H-Shares are ranked by each of the following:

- (i) Full market capitalisation, in terms of average month-end market capitalisation in the past 12 months.
- (ii) Freefloat-adjusted market capitalisation, in terms of 12-month average market capitalisation after freefloat adjustment.
- (iii) Average of the past month-end market capitalisation will be used for stocks with a listing history of less than 12 months.

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

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

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

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

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

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

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

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

6. In the “Top 10 Constituents” sub-section, the first paragraph and the table on page 8 of each of Appendix 3 and Appendix 4 of the Prospectus are deleted in their entirety and replaced with the following:

“As at 26 February 2018, the 10 largest constituent stocks of the Index as listed below, represented 66.41% of the Index:

Rank	Constituent Name	Weighting (%)
1.	CCB	11.18
2.	Bank of China	10.64
3.	ICBC	10.41
4.	Ping An	9.72
5.	China Life	5.29
6.	Sinopec Corp	5.01
7.	CM Bank	4.06
8.	ABC	3.75
9.	PetroChina	3.54
10.	CPIC	2.80

7. Under the “Concentration and PRC market risk” sub-section on page 19 of each of Appendix 3 and Appendix 4 of the Prospectus, the second paragraph is deleted in its entirety and replaced with the following:

“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.”

The Prospectus may only be distributed if accompanied by this Addendum.

Samsung Asset Management (Hong Kong) Limited

三星資產運用（香港）有限公司

as Manager of the Products

5 March 2018