

WHAT ARE L&I PRODUCTS?

Leveraged and Inverse Products (L&I Products) offer a new world of opportunities for active investors who want to pursue short-term market views. L&I Products are structured as Exchange Traded Funds (ETFs) and seek to achieve short-term investment results that correspond to the magnified or inverse performance of their underlying benchmarks on a daily basis.

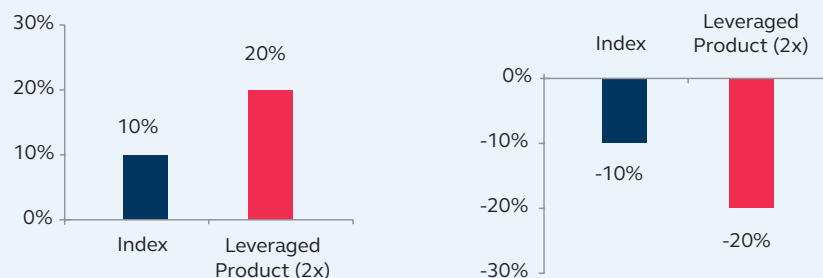
Today, the performance target is capped at two times (2x) for leveraged products and negative two times (-2x) for inverse products. L&I Products have three key features:

1. **Daily investment objective** – seek to achieve a multiple (2x or up to -2x) of their benchmark’s daily performance, before fees and expenses;
2. **Compounding effects of daily returns** – performance can deviate from the multiple of the benchmark’s cumulative return when held for longer than one trading day; and
3. **Use of derivatives** – invest a portion or all of their net assets in derivatives, typically futures or swaps.

INVESTMENT OBJECTIVES OF L&I PRODUCTS

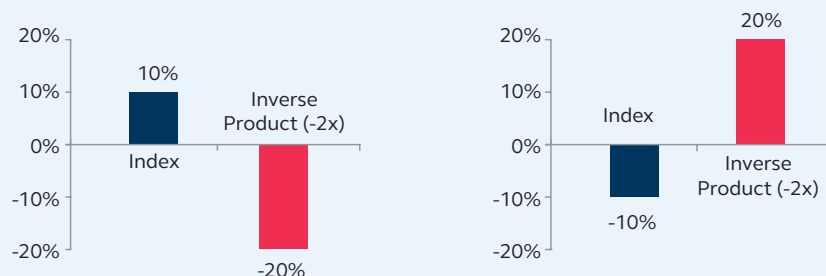
- **Leveraged Products** seek to provide two times (2x) the daily performance of their benchmark, before fees and expenses.

Illustration:



- **Inverse Products** seek to provide the inverse (up to -2x) daily performance of their benchmark, before fees and expenses.

Illustration:



COMMON SHORT-TERM USES

Leveraged Products	Inverse Products
<ul style="list-style-type: none"> • Seeking to magnify daily returns • Obtaining a target level of exposure using less cash • Overweighting a market segment without committing additional cash 	<ul style="list-style-type: none"> • Seeking profits from a market decline • Helping to hedge against an expected decline • Underweighting exposure to a market segment

INVESTOR SUITABILITY

The products are suitable for active investors who:

- understand the nature and risks of L&I Products, as they are designed for daily investment results; and
- actively monitor their holdings on a daily basis and can respond when market conditions change.

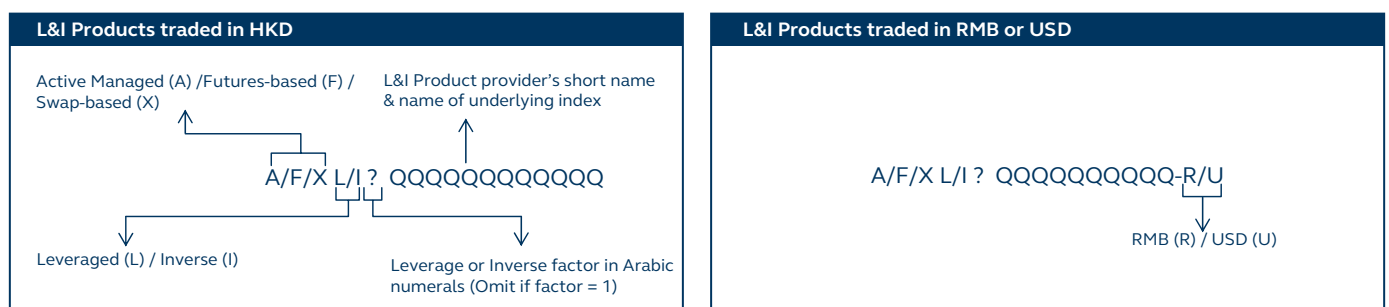
The products are not suitable for investors who:

- are unfamiliar with the features and risks of L&I Products, as they are designed for daily investment results; and/or
- are looking for a long-term investment and cannot actively monitor their holdings.

TRADING L&I PRODUCTS ON HKEX

- L&I Products may be traded, cleared and settled in Hong Kong dollars (HKD), Renminbi (RMB) and/or US dollars (USD).
- An L&I Product listed on HKEX's securities market can be identified by the stock short name assigned to it, which indicates some of the basic features of the product.

Stock short names for L&I Products



- L&I Products have market makers to help provide liquidity. Each L&I Product is required to have at least one market maker. The name of the market makers as well as their obligations for each L&I Products can be found in the L&I Products section of the HKEX website.

RISKS INVOLVED IN TRADING L&I PRODUCTS

Like ETFs, the risk of L&I Products can include counterparty risk, market risk, tracking errors, trading at discount or premium, and liquidity risk. In addition, investors should understand how the performance of L&I Products is likely to be affected when they are held for more than one trading day (compounding effect) as described previously.

USEFUL WEBSITES

Visit HKEX website: www.hkex.com.hk/ETP for details of L&I Products

The Chin Family website (www.thechinfamily.hk), a financial education platform, managed by the Investor Education Centre, introduces L&I Products: www.thechinfamily.hk/lipproducts

ENQUIRY

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