

**IMPORTANT**

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

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**Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product (Stock Code: 07362)**

**Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product (Stock Code: 07230) (collectively the "Products")**

**the sub-funds of Mirae Asset Horizons Leveraged and Inverse Series (the "Trust")**

*(A Hong Kong unit trust authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)<sup>1</sup>*

**Notice to Unitholders – Changes to the Hang Seng China Enterprises Index**

Dear Unitholders,

As disclosed in the Prospectus of the Products, Mirae Asset Horizons Hang Seng China Enterprises Index Daily (-1x) Inverse Product tracks the performance of a short position on the Hang Seng China Enterprises Index (the "Index") on a daily basis, whereas Mirae Asset Horizons Hang Seng China Enterprises Index Daily (2x) Leveraged Product tracks two times the performance of the Index on a daily basis.

We, as the Manager of the Trust and the Products, understand from Hang Seng Indexes Company Limited ("HSIL"), the index provider of the Index, that the changes as described in Section A below (collectively the "Index Changes") will be made to the Index with effect from 5 March 2018 (the "Effective Date").

**A. Index Changes**

According to HSIL, Red-chips and private enterprises ("P-chips") will become eligible to be added to the Index as index constituents and 10 Red-chips and P-chips in total will be added to the Index as at the Effective Date, while the number of H-shares constituents in the Index will remain at 40. As a result, the total number of constituents of the Index will be increased from 40 to 50.

These additional 10 Red-chips and P-chips constituents have been selected in the Index review at the end of December 2017, the results of which were announced on 6 February 2018. These 10 Red-chips and P-chips constituents will be added to the Index in five phases over a period of 12 months and by adopting an inclusion factor and an adjusted cap level in each phase, as further illustrated in the following table. It is intended that these 10 Red-chips and P-chips will remain unchanged during the whole transition period. In view of this, the impact to the Index is expected to be minimal.

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%

<sup>1</sup> 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 class of investors.

## **B. Changes to the Products**

In seeking to achieve the Products' respective 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") and in the spot month Mini-Hang Seng China Enterprises Index futures contracts ("Mini-Hang Seng China Enterprises Index Futures Contracts"), subject to the rolling strategy described in the Prospectus, to obtain the required exposure to the Index.

As a result of the Index Changes, with effect from the Effective Date, the HSCEI Futures Contracts and Mini-Hang Seng China Enterprises Index Futures Contracts invested by the Products will have an exposure to the performance of Red-chips and P-chips, in addition to the performance of H-shares.

## **C. Impact to the Products**

For the avoidance of doubt, (i) the investment objective and policies of the Products will remain unchanged, except for the Products' exposure to the inverse or leveraged performance (as the case may be) of Red-chips and P-chips in addition to the inverse or leveraged performance (as the case may be) of H-Shares; (ii) the Index Changes will not amount to material changes to the Products; (iii) the Index Changes will not affect the acceptability of the Index under the SFC's Code on Unit Trusts and Mutual Funds; (iv) the Products' normal operation will not be disrupted; (v) there will be no material change or increase in the overall risk profile of the Products; and (vi) the Index Changes do not materially prejudice the interests of Unitholders.

## **D. Prospectus and the Product Key Facts Statements**

The Prospectus and the Product Key Facts Statements of the Products will be updated on or after the Effective Date to reflect the changes described above. The updated Prospectus and the Product Key Facts Statement will be published on the Manager's website (<http://www.miraeasset.com.hk/>) on or after the Effective Date. Please note that the information published on the Manager's website is not reviewed or approved by the SFC.

If you have any questions concerning the above, please contact us at (852) 2295 1500 during office hours.

The Manager accepts responsibility for the accuracy of the contents of this notice.

Mirae Asset Global Investments (Hong Kong) Limited

12 February 2018