

IMPORTANT:

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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 ETF SERIES (the "Trust")

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

ICBC CSOP S&P New China Sectors ETF

Stock Codes: 03167 (HKD counter), 83167 (RMB counter) and 9167 (USD counter)

(the "Sub-Fund")

**Announcement
Addition of the Use of Financial Derivative Instruments**

CSOP Asset Management Limited (the "**Manager**"), the manager of the Trust and the Sub-Fund, hereby announces that, from 15 June 2021 (the "**Effective Date**"), the Sub-Fund will add the use of financial derivative instruments (the "**FDIs**") in the Investment Strategy:

The Manager may invest in the FDIs (mainly swaps with one or more counterparties) with no more than 15% of the Sub-Fund's Net Asset Value for investment and hedging purposes, where the Manager believes such investments will help the Sub-Fund achieve its investment objective and are beneficial to the Sub-Fund.

Unless otherwise defined in this Announcement, capitalised terms used in this Announcement shall have the same meaning as defined in the Prospectus of the Sub-Fund dated 14 April 2021 (the "**Prospectus**").

Investors should exercise caution in dealing with the units of the Sub-Fund.

1. Add the Use of FDIs

Currently, the Sub-Fund will not invest in FDIs (including structured deposits, products or instruments) for investment or hedging purposes.

From the Effective Date, the Sub-Fund will add the use of FDIs in the Investment Strategy so that:

The Manager may invest in financial derivative instruments (“FDIs”) (mainly swaps with one or more counterparties) with no more than 15% of the Sub-Fund’s Net Asset Value for investment and hedging purposes, where the Manager believes such investments will help the Sub-Fund achieve its investment objective and are beneficial to the Sub-Fund. The swaps which may be invested by the Sub-Fund will be funded total return swap transaction(s) whereby the Sub-Fund will pass on the relevant portion of cash to the Swap Counterparty(ies) and in return the Swap Counterparty(ies) will provide the Sub-Fund with an exposure to the economic gain/loss in the performance of the relevant Securities (net of indirect costs). Exposure of the Sub-Fund to the Index Securities (either through direct investment or FDIs) will be in substantially the same weightings (i.e. proportions) as these Index Securities have in the Index.

Investors should exercise caution in dealing with the units of the Sub-Fund.

Reasons for the change

The Manager introduces the use of financial derivative instruments in view of the potential market turbulence by adding the flexibility of entering into FDIs, so as to better achieve the investment objective.

Risk Factors

The Sub-Fund will be subject to additional risks due to the change in investment strategy, as summarised below:

Risks associated with investing in FDIs

The Manager may invest no more than 15% of the NAV of the Sub-Fund in FDIs through one or more counterparty(ies). As such, the Sub-Fund may suffer significant loss if a counterparty to the FDIs to perform its obligations, or in case of insolvency or default of the counterparty(ies).

Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. FDIs are susceptible to price fluctuations and higher volatility, and may have large bid and offer spreads and no active secondary markets. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

Please refer to the risk factor under subsection headed “**4.2 Investment risks**” under the section headed “**Financial Derivative Instruments and Collateral Risks**” in Part 1 of the Prospectus for further details.

The Manager has put in place measures to address the risks due to investment in FDIs. For example, the Manager will ensure that counterparties to transactions of over-the-counter FDIs or their guarantors must be substantial financial institutions. Collateral accepted by the Sub-Fund will be high quality assets only, and the Manager will continuously monitor the quality of collateral to ensure no deterioration of collateral received by the Sub-Fund. Please also refer to the headings “Financial Derivative Instruments” and “Collateral” under Schedule 1 in Part 1 of the Prospectus for a description of the Manager’s policy regarding FDIs and collateral.

2. Impact on the Sub-Fund

The Manager believes that adding the use of FDIs is in the best interests of the Sub-Fund. The changes described in this Announcement will not materially prejudice the existing investors’ rights or interests. Other than as outlined above, the changes described in this Announcement are not expected to affect the operation of the Sub-Fund and/or manner in which the Sub-Fund are being managed. There’re no costs and/or expenses that will be incurred in connection with the changes. The Trustee does not have any objection to the scheme change in this announcement.

3. General

The Prospectus and the KFS of the Sub-Fund will be updated to reflect the above changes. The revised Prospectus and KFS will be uploaded to the Manager’s website at <http://www.csopasset.com> (this website has not been reviewed by the SFC) and the HKEX’s website at www.hkexnews.hk on the Effective Date.

If you have any questions concerning this Announcement, please contact us on +852 3406 5688 or at 2801-2803, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

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

14 May 2021

As of the date of this Announcement, the board of directors of the Manager comprises 7 Directors namely, Mr. Zhou Yi, Ms. Ding Chen, Mr. Zhang Gaobo, Mr. Yang Xiaosong, Mr. Cai Zhongping, Mr. Liu Zhiwei and Ms. Liu Xiuyan.