

**THIS ANNOUNCEMENT AND NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OF THE EXCHANGE TRADED FUND NAMED BELOW.**

*If you are in any doubt about the contents of this Announcement and Notice or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.*

*If you have sold or transferred all your units in CSOP MSCI China A Inclusion Index ETF, you should at once hand this Announcement and Notice to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.*

**IMPORTANT:** *The Stock Exchange of Hong Kong Limited (the “SEHK”), the Hong Kong Exchanges and Clearing Limited (the “HKEX”), the Hong Kong Securities and Futures Commission (the “SFC”) and the Hong Kong Securities Clearing Company Limited (the “HKSCC”) take no responsibility for the contents of this Announcement and Notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement and Notice.*

*CSOP Asset Management Limited (the “Manager”) accepts full responsibility for the accuracy of the information contained in this Announcement and Notice as at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, as at the date of publication, there are no other facts the omission of which would make any statement misleading.*

*SFC authorization is not a recommendation or an endorsement of the Trust (as defined below) and the Terminating Sub-Fund (as defined below) nor does it guarantee the commercial merits of the Trust and the Terminating Sub-Fund or their performance. It does not mean the Trust and the Terminating Sub-Fund are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.*

**CSOP MSCI China A Inclusion Index ETF  
(the “Terminating Sub-Fund”)  
a sub-fund of CSOP ETF Series (the “Trust”)**

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

**Stock Codes: 83149 (RMB counter) and 03149 (HKD counter)**

**ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORIZATION AND DELISTING AND NON-APPLICABILITY OF CERTAIN PROVISIONS OF THE CODE**

Terms not defined in this Announcement and Notice will have the meanings as are given to such terms in the prospectus of the Trust and the Terminating Sub-Fund dated 15 December 2022 (the “Prospectus”).

**IMPORTANT: Investors are strongly advised to consider the contents of this Announcement and Notice. This Announcement and Notice is important and requires your immediate attention. It concerns the proposed cessation of trading, proposed termination, proposed deauthorization and proposed delisting of CSOP MSCI China A Inclusion Index ETF and the non-applicability of certain provisions of the Code for the period from 17 February 2023 (i.e. the Trading Cessation Date, as defined in section 2.5) to the date of deauthorization (the “Deauthorization Date”). In particular, investors should note that:**

- **taking into account the relevant factors, including, in particular, the relatively small net asset value (“Net Asset Value”) of the Terminating Sub-Fund (see details of the factors in section 1 below), the Manager has, by means of a resolution of the board of directors of the Manager dated 13 January 2023, decided to exercise its power under Clause 27.2a of the Trust Deed, and proposed to seek termination of the Terminating Sub-Fund with effect from the Termination Date (as defined in section 2.4);**
- **the Last Trading Day (as defined in section 2.5) of the units in the Terminating Sub-Fund (“Units”) will be 16 February 2023;**
- **the Units of the Terminating Sub-Fund will cease trading as from 17 February 2023 (i.e. the Trading Cessation Date, as defined in section 2.5);**
- **the Manager will realise all of the assets of the Terminating Sub-Fund effective from the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards, (i) there will be no further trading of Units of the Terminating Sub-Fund and no further creation and redemption of Units of the Terminating Sub-Fund; (ii) the Manager will start to realise all of the assets of the Terminating Sub-Fund and the Terminating Sub-Fund will therefore cease to track the performance of the Underlying Index and will not be able to meet its investment objective of tracking the performance of the Underlying Index; (iii) the Terminating Sub-Fund will no longer be marketed or offered to the public; (iv) the Terminating Sub-Fund will mainly hold cash; and (v) the Terminating Sub-Fund will only be operated in a limited manner;**
- **the Manager will, after having consulted the Trustee and the Terminating Sub-Fund’s auditor, declare a Final Distribution (as defined in section 2.2) to the investors who remain so as at 22 February 2023 (the “Distribution Record Date”), and the Final Distribution is expected to be payable on or around 7 March 2023 (the “Final Distribution Date”);**
- **the amount of Final Distribution will equal the total net assets of the Terminating Sub-Fund as at 22 February 2023, which will exclude (i) any taxes payable; and (ii) any expenses payable;**
- **by the date when the Trustee and the Manager form an opinion that the Terminating Sub-Fund ceases to have any outstanding contingent or actual assets or liabilities, the Trustee and the**

**Manager will commence the completion of the termination of the Terminating Sub-Fund (i.e. the Termination Date). The Manager expects the Termination Date will be on or around 24 March 2023. The Manager will publish an announcement on or shortly before the Termination Date in relation to the termination, deauthorization and delisting of the Terminating Sub-Fund;**

- **during the period from the Trading Cessation Date until, at least, the Termination Date, the Manager will maintain the Terminating Sub-Fund's SFC authorization status and SEHK listed status, and, subject to the SEHK's approval, expects the delisting to take effect at or around the same time as the deauthorization;**
- **the Manager expects that the deauthorization and the delisting will take place either on the Termination Date or shortly after the Termination Date (please note that any product documentation for the Terminating Sub-Fund previously issued to investors, including the Prospectus and the KFS in respect of the Terminating Sub-Fund, should be retained for personal use only and not for public circulation); and**
- **investors should pay attention to the risk factors as set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium risk, tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk, Net Asset Value downward adjustment risk, failure to track the Underlying Index risk, delay in distribution risk and market makers' inefficiency risk). Investors should exercise caution and consult their professional and financial advisers before dealing in the Units in the Terminating Sub-Fund or otherwise deciding on the course of actions to be taken in relation to their Units in the Terminating Sub-Fund.**

**Stockbrokers and financial intermediaries are urged to:**

- **forward a copy of this Announcement and Notice to their clients holding Units in the Terminating Sub-Fund, and inform them of the contents of this Announcement and Notice as soon as possible;**
- **facilitate their clients who want to dispose of Units in the Terminating Sub-Fund on or before the Last Trading Day;**
- **inform their clients as soon as possible if any earlier dealing deadline, additional fees or charges, and/or other terms and conditions will be applicable in respect of the provision of their services in connection with any disposal of Units in the Terminating Sub-Fund; and**
- **inform their clients of the Final Distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.**

**The Manager will, until the Last Trading Day, issue reminder announcements on a weekly basis to investors informing and reminding them of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date. Also, further announcements will be made, as and when appropriate**

**in accordance with the applicable regulatory requirements, in due course to inform the investors of the Final Distribution Date, the Termination Date, the dates for the deauthorization and the delisting.**

## **1. Proposed termination of the Terminating Sub-Fund, cessation of trading and realisation of assets**

### **1.1 Proposed termination of the Terminating Sub-Fund**

According to Clause 27.2a of the Trust Deed, the Terminating Sub-Fund may be terminated by the Manager in its absolute discretion by notice in writing in the event that the aggregate Net Asset Value of all the Units in the Terminating Sub-Fund outstanding shall be less than RMB 100,000,000. The Trust Deed does not require investors' approval for terminating the Terminating Sub-Fund on the ground set out in Clause 27.4 of the Trust Deed.

As at 16 January 2023, the Net Asset Value and the Net Asset Value per Unit of the Terminating Sub-Fund were RMB 8,342,019.97 and RMB 11.9172 respectively. Having taken into account the relevant factors including the interests of the investors as a whole, the current relatively small Net Asset Value and the low trading volume of the Terminating Sub-Fund, the Manager is of the view that the proposed termination of the Terminating Sub-Fund would be in the best interests of the investors of the Terminating Sub-Fund. Therefore, the Manager has, by means of a resolution of the board of directors of the Manager dated 13 January 2023, decided to exercise its power under Clause 27.2a of the Trust Deed, to terminate the Terminating Sub-Fund on the date on which the Trustee and the Manager form an opinion that the Terminating Sub-Fund ceases to have any contingent or actual assets or liabilities. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Terminating Sub-Fund pursuant to Clause 27.2a of the Trust Deed, and the Trustee does not object to such proposal (including the cessation of trading, termination, deauthorization and delisting of the Terminating Sub-Fund) and acknowledges the non-applicability of certain provisions of the Code as referred to in this Announcement and Notice.

As required under Clause 27.4 of the Trust Deed, no less than one month's notice is hereby given to the investors, notifying them of the proposed termination of the Terminating Sub-Fund. Also, as required under Chapter 11.1A of the Code, no less than one month's notice is hereby given to the investors, notifying them that the Terminating Sub-Fund will cease to track the performance of the Underlying Index, and cease trading, from the Trading Cessation Date.

### **1.2 The proposed cessation of trading**

The Manager will apply to SEHK to have the Units of the Terminating Sub-Fund cease trading on the SEHK with effect from 17 February 2023 (i.e. the Trading Cessation Date). The Manager will realise all of the assets of the Terminating Sub-Fund effective from the Trading Cessation Date. No additional cost would be involved in such realisation of the assets of the Terminating Sub-Fund as compared to the costs associated with the normal realisation of assets in the Terminating Sub-Fund. 16 February 2023 will be

the Last Trading Day when investors may buy or sell Units in the Terminating Sub-Fund on the SEHK in accordance with the usual trading arrangements currently in place.

For the avoidance of doubt, creation and redemption of Units in the Terminating Sub-Fund by Participating Dealers will continue to be permitted until the Last Trading Day. Creations of Units will be limited to the creation of Units by Participating Dealers for market making activities of market makers to provide liquidity of the trading of the Units on the SEHK. There will be no creation of Units for other purposes from the date of this Announcement and Notice.

Investors should note that they cannot create and redeem Units directly from the Terminating Sub-Fund in the primary market. Only Participating Dealers may submit creation and redemption applications to the Manager and the Participating Dealers may have their own application procedures for their clients and may set application cut-off times for their clients which are earlier than those set out in the Prospectus but in any event, not later than the Last Trading Day. Investors are advised to check with the Participating Dealers as to the relevant timing deadlines and the client acceptance procedures and requirements.

### **1.3. Impacts on the proposed realisation of the assets of the Terminating Sub-Fund**

After the realisation of the assets of the Terminating Sub-Fund (as described in section 1.2 above and subject to section 2.4 below), the Terminating Sub-Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets of the Terminating Sub-Fund. It therefore follows that, from the Trading Cessation Date, the Terminating Sub-Fund will cease to track the performance of the Underlying Index, and will not be able to meet its investment objective of tracking the performance of the Underlying Index.

## **2. What will happen on or before the Last Trading Day and from the Trading Cessation Date?**

### **2.1 Trading on the SEHK on any trading day up to and including the Last Trading Day**

On any trading day up to (and including) the Last Trading Day, an investor may continue to buy or sell its Units in the Terminating Sub-Fund on the SEHK in accordance with the usual trading arrangements, during the trading hours of the SEHK and based on the prevailing market prices. The market makers of the Terminating Sub-Fund will continue to perform their market making functions in accordance with the Trading Rules of the SEHK until the Last Trading Day.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units of the Terminating Sub-Fund on the SEHK on investors, and a SFC transaction levy (at 0.0027% of the price of the Units), a FRC transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% of the price of the Units) will be payable by the buyer and the seller of the Units.

No charge to stamp duty will arise in Hong Kong in respect of sale or purchase of Units of the Terminating Sub-Fund on the SEHK.

The trading price of Units of the Terminating Sub-Fund may be below or above the Net Asset Value per Unit. Please see the “Units trading at a discount or premium risk” and “Market makers’ inefficiency risk” in section 6.1 below.

Relevant Investors are reminded to contact their stockbrokers or financial intermediaries to check whether there will be any fees or charges including custody fees that they may need to bear with regard to their unitholding in the Terminating Sub-Fund during the period from the Trading Cessation Date up till the date on which they cease to hold their Units.

## **2.2 Final Distribution**

For Relevant Investors who are still holding Units in the Terminating Sub-Fund after the Last Trading Day, the Manager will, after consulting the Trustee and the Terminating Sub-Fund’s auditor, declare a final distribution of assets (the “**Final Distribution**”) in respect of those investors who remain invested in the Terminating Sub-Fund as of the Distribution Record Date (the “**Relevant Investors**”). Such Final Distribution is expected to be made on or around 7 March 2023.

Each Relevant Investor will be entitled to a Final Distribution of an amount equal to the Terminating Sub-Fund’s then Net Asset Value in proportion to the Relevant Investor’s Units in that Terminating Sub-Fund as at the Distribution Record Date. The Terminating Sub-Fund’s then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the Terminating Sub-Fund as described in section 1.3 above, which will exclude (i) any taxes payable; and (ii) any expenses payable.

The Final Distribution payable to each Relevant Investor is expected to be paid to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date on or around 7 March 2023. The Manager will issue a further announcement to inform the Relevant Investors of the exact day of payment of the Final Distribution, together with the amount of Final Distribution per Unit in respect of the Terminating Sub-Fund in due course.

## **2.3 Further Distribution**

The Manager does not expect or anticipate there will be a further distribution after the Final Distribution. However, in the unlikely event there is a further distribution after the Final Distribution, the Manager will issue an announcement informing the Relevant Investors.

**IMPORTANT NOTE: Investors should pay attention to the risk factors as set out in section 6.1 below and consult their professional and financial advisers before disposing of the Units in the Terminating Sub-Fund. If an investor disposes of its Units in the Terminating Sub-Fund at any time on or before the Last Trading Day, such investor will not in any circumstances be entitled to any portion of the Final Distribution or any further distribution (if any) in respect of any Units so disposed. Investors should therefore exercise caution and consult their professional and financial advisers before dealing in their Units in the Terminating Sub-Fund or otherwise deciding on any course of actions to be taken in relation to their Units in the Terminating Sub-Fund.**

## **2.4 During the period from the Trading Cessation Date (as defined in section 2.5) until the Termination Date**

Following the realisation of the assets and the Final Distribution, on the date on which the Trustee and the Manager form an opinion that the Terminating Sub-Fund ceases to have any contingent or actual assets or liabilities (the “**Termination Date**”), the Manager and the Trustee will commence the completion of terminating the Terminating Sub-Fund.

During the period from the Trading Cessation Date until, at least, the Termination Date, the Terminating Sub-Fund will continue to have listing status on the SEHK and will remain authorized by the SFC, although the Terminating Sub-Fund will be operated only in a limited manner as there will not be any trading of Units of the Terminating Sub-Fund and the Terminating Sub-Fund will have no investment activities from the Trading Cessation Date onwards.

The deauthorization and delisting of the Terminating Sub-Fund will take place either on the Termination Date or shortly after the Termination Date, subject to the SFC’s and SEHK’s approval respectively. The Manager expects, subject to the SEHK’s approval, that the delisting will only take place at or around the same time of the deauthorization.

The proposed termination, deauthorization and delisting will be subject to the payment of all outstanding fees and expenses (please refer to section 5 below for further information), discharge of all outstanding liabilities of the Terminating Sub-Fund, as well as the final respective approvals by the SFC and the SEHK.

Following deauthorization, the Terminating Sub-Fund will no longer be subject to regulation by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Terminating Sub-Fund previously issued to investors, including the Prospectus and any KFS in respect of the Terminating Sub-Fund, should be retained for personal use only and not for public circulation. Stockbrokers, financial intermediaries and investors must not circulate any marketing or other product information relating to the Terminating Sub-Fund to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance.

## **2.5 Important dates**

Subject to the SFC’s and the SEHK’s respective approvals for the proposed arrangements set out in this Announcement and Notice, it is anticipated that the expected important dates in respect of the Terminating Sub-Fund will be as follows:

Dispatch of this Announcement and Notice	After market close on 16 January 2023, Monday
No further request for creation of Units by investors in the primary market via Participating Dealers (other than by Participating Dealers for market making activities) will be accepted	17 January 2023, Tuesday

Last day for dealings in the Units of the Terminating Sub-Fund on the SEHK and last day for creation by Participating Dealers for market making activities and redemption of Units of the Terminating Sub-Fund in the primary market through a Participating Dealer (the “ <b>Last Trading Day</b> ”)	16 February 2023, Thursday
Dealings in the Units of the Terminating Sub-Fund on the SEHK cease and no further creation and redemption of Units of the Terminating Sub-Fund in the primary market through a Participating Dealer (the “ <b>Trading Cessation Date</b> ”), i.e. same date on which the Manager will start to realise all the investments of the Terminating Sub-Fund and the Terminating Sub-Fund will cease to be able to track the Underlying Index and will no longer be marketed or offered to the public in Hong Kong	17 February 2023, Friday
Record date for determining the eligibility of entitlement of investors for the Final Distribution and further distribution, if any (the “ <b>Distribution Record Date</b> ”)	By close of business on 22 February 2023, Wednesday
The date as at which the Manager will, after having consulted the Trustee and the Terminating Sub-Fund’s auditor, declare the Final Distribution amount per unit and dispatch the announcement on the Final Distribution	On or around 28 February 2023, Tuesday
Final Distribution, after the Manager having consulted with the Trustee and the Terminating Sub-Fund’s auditor, will be paid to the Relevant Investors (the “ <b>Final Distribution Date</b> ”)	On or around 7 March 2023, Tuesday
Termination of the Terminating Sub-Fund (the “ <b>Termination Date</b> ”)	Expected to be 24 March 2023, Friday, when the Manager and Trustee form an opinion that the Terminating Sub-Fund ceases to have any contingent or actual assets or liabilities.
Deauthorization and delisting of the Terminating Sub-Fund	On or shortly after the Termination Date, which is the date the SFC and SEHK approve the deauthorization and delisting respectively.  The Manager expects that the deauthorization and delisting will take place either on or immediately after the Termination Date.



The Manager will issue the following:

- (on a weekly basis from the date of this Announcement and Notice to the Last Trading Day) reminder announcements informing and reminding investors of the Last Trading Day, the Trading Cessation Date and the Distribution Record Date;
- (in due course) an announcement to inform the investors of the Final Distribution Date;
- (on or shortly before the Termination Date) an announcement informing investors about the Termination Date, dates for the deauthorization and delisting of the Terminating Sub-Fund, in accordance with the applicable regulatory requirements.

If there is any change to the dates mentioned in this section, the Manager will issue an announcement to inform the Relevant Investors of the revised dates.

### **3. Non-applicability of certain provisions of the Code**

#### **3.1 Background**

As set out in section 2.4 above, while the Units in the Terminating Sub-Fund will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Terminating Sub-Fund, the Terminating Sub-Fund will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Terminating Sub-Fund will maintain its SFC authorization status, and its SEHK listed status, until the completion of the proposed termination, deauthorization and delisting.

Given the Terminating Sub-Fund will no longer be marketed or offered to the public and have limited operations after it ceases trading, pursuant to 8.6(t) of the Code and Question 13 of the Frequently Asked Questions on Exchange Traded Funds and Listed Funds, the Terminating Sub-Fund will continue to maintain its SFC authorization status without strictly complying with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorization Date, provided that the specific conditions and requirements imposed by the SFC are met.

Such conditions and requirements are described in the following sub-sections 3.2 to 3.5.

#### **3.2 Publishing of the suspension of dealing**

Under Chapter 10.7 of the Code, the Manager is required to: (a) immediately notify the SFC if dealing in Units ceases or is suspended; and (b) publish the fact that dealing is suspended immediately following the decision to suspend and at least once a month during the period of suspension in an appropriate manner.

The Manager will continue to manage the Terminating Sub-Fund without strict compliance with 10.7 of the Code from the Trading Cessation Date to the Deauthorization Date, subject to the condition that a

statement shall be posted in a prominent position of the Manager's website<sup>1</sup> from the Trading Cessation Date until the Deauthorization Date to notify investors that the Units of the Terminating Sub-Fund have ceased trading on the SEHK from 17 February 2023, and draw investors' attention to this Announcement and Notice and all other relevant announcements.

As the Terminating Sub-Fund will maintain its SEHK listing status after the Last Trading Day 16 February 2023 until the date of delisting, investors may continue to access further announcements in relation to the Terminating Sub-Fund via the HKEX's website and the Manager's website<sup>1</sup> during such period.

### **3.3 Provision of real time or near-real time indicative Net Asset Value per Unit and last Net Asset Value**

Under 8.6(u)(i) and 8.6(u)(ii) of the Code, the Manager is required to provide real time or near-real time indicative NAV per Unit (updated at least every 15 seconds during trading hours) and last NAV per Unit and last NAV of the Terminating Sub-Fund (updated on a daily basis) on the Manager's website<sup>1</sup>, or such other channels as the SFC considers appropriate.

Accordingly, the Manager will continue to manage the Terminating Sub-Fund without strict compliance with 8.6(u)(i) and 8.6(u)(ii) of the Code (for the period from the Trading Cessation Date to the Deauthorization Date), subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Net Asset Value per Unit of the Terminating Sub-Fund as of 16 February 2023 (i.e. the Last Trading Day), which will be the latest available Net Asset Value per Unit of the Terminating Sub-Fund, will be published on the Manager's website<sup>1</sup>; and
- (B) the Manager shall update the latest available Net Asset Value per Unit of the Terminating Sub-Fund on the Manager's website<sup>1</sup> as soon as practicable should there be any other change to the Net Asset Value of the Terminating Sub-Fund, including but not limited to changes arising from (i) the Final Distribution (please see further in section 2.2 above); (ii) further distribution (if any); (iii) any change in value of the scrip dividend (if any) of the underlying stocks; and (iv) any deduction of transaction costs or taxes relating to the realisation of assets of the Terminating Sub-Fund.

### **3.4 Updating of the Prospectus and KFS in respect of the Terminating Sub-Fund**

Under Chapters 6.1 and 11.1B of the Code, the Prospectus and the KFS in respect of the Terminating Sub-Fund must be up-to-date and must be updated to incorporate any relevant changes to the Terminating Sub-Fund.

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<sup>1</sup> <https://www.csopasset.com/en/products/msci-china-a-etf>. The contents of the website have not been reviewed by the SFC.

The Manager will continue to manage the Terminating Sub-Fund without updating the Prospectus and the KFS in respect of the Terminating Sub-Fund as required under 6.1 and 11.1B of the Code from the Trading Cessation Date to the Deauthorization Date, subject to the following conditions and requirements imposed by the SFC and which the Manager has undertaken to meet:

- (A) the Manager will promptly notify investors of any changes to the Terminating Sub-Fund or to the Prospectus or the KFS of the Terminating Sub-Fund by means of publishing further announcement(s) on the Manager's and the HKEX's websites (each, a "**Relevant Future Announcement**");
- (B) the Manager will ensure that each Relevant Future Announcement shall include a statement to refer investors to read this Announcement and Notice together with the Prospectus, the KFS of the Terminating Sub-Fund, and any other Relevant Future Announcement(s); and
- (C) the Manager will issue an updated Prospectus on the Deauthorization Date to remove all references to the Terminating Sub-Fund.

### **3.5 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 3.2 to 3.4 above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, The Rules Governing the Listing of Securities ("**Listing Rules**") on the SEHK and other applicable laws and regulations in respect of the Terminating Sub-Fund.

## **4. Preparing annual report covering the Termination Audit Period**

Under Chapter 11.6 of the Code, the Manager is required to publish and distribute annual reports containing the information provided under Appendix E to the Code to Unitholders within 4 months of the end of the Terminating Sub-Fund's financial year (which ends on 31 December in each year). Once financial reports are issued, Unitholders will be notified of where such reports, in printed and electronic forms, can be obtained within the relevant time frame.

As the Termination Date is expected to fall within 4 months of the current financial year ending on 31 December 2022, in order to minimise the operational costs, the Manager will rely on explanatory note (2) to Chapter 11.6 of the Code, which permits the extension of the reporting period for the annual report in the case of fund termination and combine the annual report for the preceding financial year with the termination audit of the Terminating Sub-Fund covering the period from 1 January 2022 to the Termination Date (i.e. expected to be 24 March 2023) (the "**Termination Audit Period**").

The Manager will publish the annual reports as follows:

- (a) the contents of the annual report for the Termination Audit Period (the "**Termination Audit Report**") shall comply with the requirements under 4.5(f) and Appendix E to the Code and all other applicable provisions of the Code and other applicable laws and regulations; and

- (b) the Manager shall notify Unitholders of the Terminating Sub-Fund by way of an announcement on the Manager's website<sup>1</sup> and the HKEX's website on or before the original due date for issuance of the annual report for the year ended 31 December 2022 (i.e. on or before 30 April 2023) of, among other things, when the Termination Audit Report will be published, the start and end dates of the Termination Audit Period and where the hard copy and electronic copy of the Termination Audit Report may be obtained. The Termination Audit Report will be sent to the Relevant Investors as soon as practicable and in any event no later than four months after the Termination Date. The hard copies will also be made available free of charge from the office of the Manager.

The Manager confirms that Unitholders will not be prejudiced from the above arrangement under Chapter 11.6 of the Code. The Manager also confirms that, save as otherwise set out above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed, the Listing Rules on the SEHK and other applicable laws and regulations in respect of the Terminating Sub-Fund.

## **5. Costs**

### **5.1 Trading on the SEHK**

As indicated in section 2.1 above, stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units of the Terminating Sub-Fund on or before the Last Trading Day.

### **5.2 Creation and redemption by Participating Dealers**

All creation and redemptions of Units of the Terminating Sub-Fund by Participating Dealers will be subject to the fees and costs as set out in the Prospectus. Participating Dealers may pass on to the Relevant Investors such fees and costs, and may also impose fees and charges in handling creation and redemption requests which would increase the cost of creation and redemption. Investors are advised to check with Participating Dealers as to their relevant fees, costs and charges.

### **5.3 Cost of termination, deauthorization and delisting**

The Manager will bear all costs and expenses associated with the termination, deauthorization and delisting of the Terminating Sub-Fund (other than transaction costs and any taxes relating to the realisation of assets of the Terminating Sub-Fund) from the date of this Announcement and Notice up to and including the Termination Date.

### **5.4 Ongoing charges of the Terminating Sub-Fund**

The ongoing charges over a year<sup>2</sup> for the Terminating Sub-Fund, as disclosed in the KFS dated 15 July 2022, are 1.89%. The ongoing charges figure represents the ongoing expenses expressed as a percentage

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<sup>2</sup> The ongoing charges figure is based on expenses for the year ended 31 December 2021.

of the Net Asset Value of the Terminating Sub-Fund over a period of one year. The Manager will continue to charge a management fee up to and including the Final Distribution Date.

The Manager will cap the ongoing charges of the Terminating Sub-Fund at 3.00% per annum until the Termination Date.

The Manager does not expect that the termination of the Terminating Sub-Fund will impact the ongoing charges figures. Please note for completeness the ongoing charges figures are calculated in accordance with the guidance under the relevant SFC circular, and exclude the following costs and expenses associated with the termination of the Terminating Sub-Fund (which are to be borne by the Terminating Sub-Fund): (i) transaction costs and (ii) any taxes relating to the realisation of assets of the Terminating Sub-Fund.

The Terminating Sub-Fund does not have any contingent liabilities (such as outstanding litigation) or outstanding unamortized preliminary expenses as at the date of this Announcement and Notice.

## **6. Other matters**

### **6.1 Other implications of the proposed cessation of trading, the proposed termination of the Terminating Sub-Fund and the proposed delisting and deauthorization**

In consequence of this Announcement and Notice and the proposed cessation of trading, the proposed termination of the Terminating Sub-Fund and the proposed delisting and deauthorization, investors should note the following:

Liquidity risk - Trading of Units in the Terminating Sub-Fund on the SEHK from the date of this Announcement and Notice may become less liquid;

Units trading at a discount or premium risk - Although up to (and including) the Last Trading Day, the market makers of the Terminating Sub-Fund will continue to perform its market making functions in accordance with the Trading Rules of the SEHK, Units in the Terminating Sub-Fund may trade at a discount compared to its Net Asset Value in extreme market situations. This is because many investors may want to sell their Units in the Terminating Sub-Fund after this Announcement and Notice has been published but there may not be many investors in the market who are willing to purchase such Units. On the other hand, it is also possible that the Units in the Terminating Sub-Fund may trade at a premium and consequently the divergence between the supply of and demand for such Units may be larger than usual;

Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk – It is possible that the size of the Terminating Sub-Fund may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfill the investment objectives of the Terminating Sub-Fund and result in significant tracking error. In the extreme situation where the size of the Terminating Sub-Fund becomes so small that the Manager considers that it is not in the best interest of the Terminating Sub-Fund to continue to invest in the market, the Manager may decide to convert the

whole or part of the investments of the Terminating Sub-Fund into cash or deposits in order to protect the interest of the investors of the Terminating Sub-Fund;

Net Asset Value downward adjustment risk – Changes in economic environment, consumption pattern and investors' expectations may have significant impact on the value of the investments and there may be significant drop in value of the assets. Such market movements may result in substantial downward adjustment of the Net Asset Value per Unit before the Last Trading Day;

Failure to track the Underlying Index risk – All assets of the Terminating Sub-Fund, will be realised with effect from the Trading Cessation Date. Thereafter, the Terminating Sub-Fund's assets will mainly be cash. The Terminating Sub-Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Terminating Sub-Fund will cease to track the Underlying Index, and will not be able to meet its investment objective of tracking the performance of the Underlying Index;

Delay in distribution risk - The Manager will aim to realise all of the assets of the Terminating Sub-Fund and proceed with the Final Distribution as soon as practicable. However, the Manager may not be able to realise all of the assets in a timely manner during certain periods of time, for example, when trading on the relevant stock exchanges is restricted or suspended or when the official clearing and settlement depository of the relevant market is close. In this case, the payment of Final Distribution may be delayed; and

Market makers' inefficiency risk – The Market Maker will continue to perform its market making functions in respect of the Terminating Sub-Fund in accordance with the Trading Rules of the SEHK until the Last Trading Day. However, in particular, should there be a large demand for the Units before the Trading Cessation Date, the market makers may not be able to effectively perform their market making activities to provide liquidity of the trading of Units on the SEHK. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice through the Last Trading Day.

Investor attention is also drawn to the risks disclosed in the Prospectus of the Terminating Sub-Fund.

## **6.2 Tax implications**

### *Hong Kong tax*

Based on the Manager's understanding of the law and practice in force at the date of this Announcement and Notice, as the Terminating Sub-Fund is a collective investment scheme authorized under Section 104 of the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong), profits of the Terminating Sub-Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profits of the Terminating Sub-Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Terminating Sub-Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

No Hong Kong profits tax is expected to be payable by investors in Hong Kong in respect of the Final Distribution or further distributions (if any) to the extent of distribution of profits and/or capital of the Terminating Sub-Fund. For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the Terminating Sub-Fund may be subject to Hong Kong profits tax if the profits in question arise in or are derived from such trade, profession or business, sourced in Hong Kong, as well as the Units of the Terminating Sub-Fund are revenue assets of the investors.

#### *PRC mainland tax*

The Manager, based on professional and independent tax advice, has not made any tax provision with respect to the gross unrealised and realised capital gains derived by the Terminating Sub-Fund, given that:

- pursuant to “Notice on the issues of temporary exemption of Corporate Income Tax (“CIT”) arising from capital gains from the transfer of equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79), QFII/RQFIIs (without a permanent establishment (“PE”) in the PRC mainland or having a PE in the PRC mainland but the income so derived in Mainland China is not effectively connected with such PE) are temporarily exempt from CIT on gains derived from the transfer of PRC mainland equity investment assets (including A-Shares) effective from 17 November 2014; and
- pursuant to “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) and the “Notice about the tax policies related to the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127), CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Terminating Sub-Fund) on the trading of A-Shares through the Stock Connect.

Investors should consult their professional financial advisers for tax advice.

#### **7. Connected party transactions**

None of the Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Terminating Sub-Fund, nor hold any interest in the Terminating Sub-Fund.

#### **8. Documents available for inspection**

Copies of the following documents are available for inspection free of charge at the offices of the Manager (2801-2803 Two Exchange Square, 8 Connaught Place, Central, Hong Kong). Copies of (a) may be obtained from the Manager on payment of a reasonable fee:

- (a) the Trust Deed;
  - (b) the Participation Agreements;
  - (c) the Service Agreements;
  - (d) the audited accounts and the half-yearly unaudited reports of the Trust and the Terminating Sub-Fund;
- and

(e) the Prospectus and the KFS.

## **9. Enquiries**

If you have any queries in relation to the contents of this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager by calling (852) 3406 5688 during office hours (except Hong Kong statutory holidays), or visiting the Manager in person at 2801-2803, Two Exchange Square, 8 Connaught Place, Central, Hong Kong or visiting the Manager's website<sup>1</sup>.

The Manager accepts full responsibility for the accuracy of the information contained in this Announcement and Notice, 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 Ltd**  
as Manager of the Trust and the Terminating Sub-Fund  
Hong Kong

16 January 2023