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**IMPORTANT NOTES:** This Announcement is important and requires your immediate attention. Stockbrokers and financial intermediaries are urged to forward a copy of this Announcement to their clients holding Units in the Terminating Sub-Fund, and inform them of the contents of this Announcement as soon as possible. Relevant Investors should contact their stockbrokers and financial intermediaries in relation to the compulsory redemption. Investors should exercise caution and consult with their professional and financial advisers on the course of actions to be taken in relation to their Units.

## **CSOP ETF Series (the “Trust”)**

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

**CSOP MSCI China A Inclusion Index ETF**  
(RMB Counter Stock Code: 83149)  
(HKD Counter Stock Code: 03149)  
(the “Terminating Sub-Fund”)

### **ANNOUNCEMENT TREATMENT OF SUSPENDED STOCK AND COMPULSORY REDEMPTION**

Reference is made to the Announcement and Notice dated 16 January 2023 and titled “Announcement and Notice of the Proposed Cessation of Trading, Termination, Voluntary Deauthorisation and Delisting and Non-applicability of Certain Provisions of the Code” (i.e. the “**First Announcement**”), issued by CSOP Asset Management Limited (the “**Manager**”), the manager of the Trust and the Terminating Sub-Fund.

Capitalised terms not defined in this Announcement shall have the same meanings as defined in the First Announcement.

The purpose of this Announcement is to inform the Relevant Investors of the treatment of Suspended Stock (as defined in Chapter 1.1 below) and compulsory redemption of Units in issue in the Terminating Sub-Fund. Relevant Investors, as defined in the First Announcement, mean those investors who remain invested in the Terminating Sub-Fund as of 22 February 2023, being the Distribution Record Date.

#### **1. Treatment of Suspended Stock and Compulsory Redemption**

##### **1.1 Treatment of Suspended Stock and Compulsory Redemption**

As at the date of this Announcement, one stock held by the Terminating Sub-Fund has been suspended from trading on the Shenzhen Stock Exchange since 8 February 2023 and without any indicated date to resume trading (the “**Suspended Stock**”). There is currently no active market on any stock exchange for such Suspended Stock, and it will not be traded until it is converted into another A-share issued and listed on the Shanghai Stock Exchange.

According to Clause 27.5A of the Trust Deed, the Manager may, upon consultation with the Trustee, compulsorily redeem Units of a Sub-Fund holding securities that cannot be traded on exchange or otherwise disposed of, following which the Sub-Fund will be terminated in accordance with the Trust Deed. Upon such redemption and payment of redemption proceeds, former unitholders shall have no interest in the relevant Sub-Fund and all rights of such former unitholders shall be extinguished. Following the compulsory redemption, any outstanding assets shall be held on trust by the Trustee, and upon satisfying all liabilities, any excess assets shall be donated to a charity of the Manager’s choice.

To avoid postponing the Final Distribution of the Terminating Sub-Fund as defined in the First Announcement, and to allow Relevant Investors to receive redemption proceeds of Units without undue delay, the Manager took the following steps in relation to the Suspended Stock:

The Manager will enter into a purchase agreement with the Trustee (acting solely in its capacity as trustee on behalf of the Terminating Sub-Fund) (the “**Suspended Stock Purchase Agreement**”), pursuant to which the Manager (in its corporate capacity) will purchase the receivables from the Suspended Stock, comprising (i) the dividends (if any) from the Suspended Stock and (ii) proceeds from the disposal of the Suspended Stock as and when it completes conversion and becomes liquid (the “**Suspended Stock Receivables**”), in consideration for a cash payment by the Manager to the Terminating Sub-Fund at the last traded price of the Suspended Stock (the “**Suspended Stock Purchase Price**”). The Manager (in its corporate capacity) will pay the Suspended Stock Purchase Price to the Trustee (acting solely in its capacity as trustee on behalf of the Terminating Sub-Fund) and compulsorily redeem all Units held by the Relevant Investors in the Terminating Sub-Fund in accordance with Clause 27.5A of the Trust Deed on 28 February 2023 (the “**Compulsory Redemption Date**”), so that the Suspended Stock Purchase Price will form part of the proceeds payable to the Relevant Investors on compulsory redemption of Units.

Upon the compulsory redemption of all Units and payment of redemption proceeds, the Suspended Stock shall be held by the Trustee on trust in the name of the Terminating Sub-Fund. When the Suspended Stock completes conversion and becomes liquid or is otherwise disposed of, the Manager (in its corporate capacity) will, pursuant to the Suspended Stock Purchase Agreement, be entitled to receive a payment from the Trustee (acting solely in its capacity as trustee on behalf of the Terminating Sub-Fund) out of the Suspended Stock Receivables, up to the Suspended Stock Purchase Price.

This means that,

- a) if the Suspended Stock Receivables, less (i) the cost of holding and disposing the Suspended Stock between the Compulsory Redemption Date and the date of disposal of the Suspended Stock and (ii) the Suspended Stock Purchase Price, is a positive figure, the Trustee shall donate the excess amount to a charity chosen by the Manager upon consultation with the Trustee in accordance with Clause 27.5A of the Trust Deed; and
- b) if the Suspended Stock Receivables is less than the Suspended Stock Purchase Price (or if the Suspended Stock Receivables amounts to zero), the Manager shall bear the loss in its corporate capacity, and neither the Trustee of the Terminating Sub-Fund nor the Unitholders shall be liable for the shortfall.

The Manager considers that the arrangements as set out above, which allow Relevant Investors to receive proceeds from the redemption of Units at last traded price without undue delay, are in the best interest of the Terminating Sub-Fund and the Relevant Investors as a whole. The Trustee does not have any objection to such arrangements.

## 1.2 Determining the Fair Value of Suspended Stock and the Suspended Stock Purchase Price

The fair value of Suspended Stock is determined by Fair Value Committee of the Manager in accordance with the fair valuation policy of the Manager. In particular, with regards to the Suspended Stock, valuation will be based on specific information about the financial conditions of the relevant company (such as news or announcements). As at the date of this Announcement, the fair value of the Suspended Stock held by the Terminating Sub-Fund is the last traded price (i.e. RMB10.78/share) considering the announcement issued by the relevant company that the Suspended Stock will not be traded until it is converted into another A-share. In the best interests of the Relevant Investors, the Manager decided to use the last traded price of the Suspended Stock for calculation of the Suspended Stock Purchase Price payable by the Manager to the Terminating Sub-Fund. The Trustee does not have any objection to such arrangement.

As at the date of this Announcement, the NAV of the Suspended Stock held by the Terminating Sub-Fund is approximately RMB 9,702, which accounted for 0.12% of the Terminating Sub-Fund's NAV as of 24 February 2023 (based on a valuation of the Suspended Stock at the last traded price).

If the condition of the Suspended Stock remains unchanged till the Compulsory Redemption Date, this arrangement will remain unchanged. The Manager will update investors by further announcements as soon as practicable if there is any change of condition of the Suspended Stock before the Compulsory Redemption Date.

## 2. What will happen after the Compulsory Redemption?

### 2.1 Further Events

After consulting with the Trustee, the redemption value will be determined on the Compulsory Redemption Date (as defined in Chapter 2.2 below), being the Net Asset Value of the Units then in issue on such date (which, for the avoidance of doubt, will include the Suspended Stock Purchase Price and the total value of the net proceeds from the realisation of the assets of the Terminating Sub-Fund as described in the First Announcement, i.e. the Final Distribution) (the "**Redemption Value**"). Each Relevant Investor will be entitled to an amount equal to a portion of the Redemption Value in proportion to the Relevant Investor's interests in the Terminating Sub-Fund as at the Distribution Record Date (the "**Redemption Payment**"). Redemption proceeds will be paid in RMB cash only (for both the RMB counter and the HKD counter) to each Relevant Investor on the Redemption Payment Date.

An announcement will be issued on or shortly following the Compulsory Redemption Date to inform the Relevant Investors of the Redemption Value and the Redemption Payment Date.

After the Units are fully redeemed and subject to approval by the SEHK and the SFC, the Terminating Sub-Fund will be delisted from the SEHK and cease to be authorised by the SFC respectively.

## 2.2 Timetable for Compulsory Redemption, deauthorization and delisting

Dispatch of this announcement	24 February 2023, Friday
The date on which all Units in the Terminating Sub-Fund will be compulsorily redeemed in accordance with Clause 27.5A of the Trust Deed and, after the Manager having consulted the Trustee, the relevant Redemption Value will be determined (the “ <b>Compulsory Redemption Date</b> ”).  An announcement will be issued on or shortly following the Compulsory Redemption Date to inform the Relevant Investors of the Redemption Value and the Redemption Payment Date.	28 February 2023, Tuesday
The date on which redemption proceeds will be paid to Relevant Investors (the “ <b>Redemption Payment Date</b> ”)	On or around 7 March 2023, Tuesday
Deauthorization and delisting of the Terminating Sub-Fund  An Announcement will be issued on or shortly before the delisting and deauthorization to inform Relevant Investors of the dates for the delisting and deauthorization.	The date the SFC and SEHK approve the deauthorization and delisting respectively. The Manager expects that the deauthorization and delisting will take place shortly after the Redemption Payment Date

As mentioned in the First Announcement, 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 the First Announcement up to and including the Termination Date.

## 2.3 After deauthorization and delisting

The deauthorization and delisting will take place shortly after the Redemption Payment Date.

Following deauthorization and delisting, the Terminating Sub-Fund will no longer be subject to regulation by the SFC and will cease to be listed on the SEHK. Any product documentation for the Terminating Sub-Fund previously issued to investors, including the Prospectus, should be retained for personal use only and not for public circulation. Further, stockbrokers, financial intermediaries and investors must not circulate any marketing or other product documentation relating to the Terminating Sub-Fund to the public in Hong Kong as this may be in breach of the SFO.

## 2.4 Future announcements

The Manager will update investors by further announcements as soon as practicable as to the above timetable, including in relation to the Redemption Payment Date and the date for the delisting and deauthorization, as and when appropriate in accordance with the applicable regulatory requirements. If there is any change to dates mentioned in this Announcement, the Manager will issue an announcement informing Relevant Investors of the revised dates.

Investors should exercise caution and consult with their professional and financial advisers before deciding on the course of actions to be taken in relation to their Units.

Investors who are in doubt about the contents of this Announcement should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager at (852) 3406 5688 during office hours (except Hong Kong statutory holidays), or visit the Manager in person at 2801-2803, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, or visit the Manager's website: <http://www.csopasset.com><sup>1</sup>.

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 Asset Management Limited**

as Manager of the Trust and the Terminating Sub-Fund

24 February 2023

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<sup>1</sup> The contents of the website have not been reviewed by the SFC.