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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**

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

### **CSOP FTSE China A50 ETF**

**Stock Codes: 82822 (RMB counter) and 02822 (HKD counter)**

## **ANNOUNCEMENT**

### **CHANGE OF INVESTMENT STRATEGY TO PERMIT THE USE OF REPRESENTATIVE SAMPLING**

CSOP Asset Management Limited 南方東英資產管理有限公司 (the “**Manager**”) notifies unitholders of the amendments to the Prospectus of the CSOP ETF Series (the “**Trust**”) in relation to the change of the investment strategy of CSOP FTSE China A 50 ETF (the “**Sub-fund**”) to permit the use of the representative sampling and to invest in other CIS (as defined below). The changes made to the Prospectus shall take effect from 24 November 2014.

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

## **Background**

Under the current CSRC regulation, the A Shares held by all foreign investors under the QFII/RQFII regime may not exceed 30% of the shares of a listed company. It means that no QFII/RQFII can buy any more shares of a particular listed company once the aggregated shareholding in that company held by foreign investors under the QFII/RQFII regime has reached 30%. There may be a possibility that the QFII/RQFII aggregated holdings of any of the constituent securities of the FTSE China A50 (the "Underlying Index") of the Sub-Fund will reach 30% ceiling. As the Sub-Fund is adopting full replicating strategy at the moment, the 30% restriction will severely affect the Manager's ability to execute the full replicating strategy.

## **Changes**

In order not to affect the Manager's ability to achieve the Sub-Fund's investment objective, the Manager will use representative sampling in certain exceptional circumstances. Under exceptional circumstances (i.e. due to restrictions, suspensions of trading, limited availability of certain Index Securities), where it is not feasible to acquire certain A-Shares which are constituents of the Index due to restrictions or limited availability and/or it is not cost efficient, by reference to the Sub-Fund's Net Asset Value, to use a full replication strategy, the Manager may also use a representative sampling strategy to invest in:

- (i) A representative sample whose performance is closely correlated with the Index, but whose constituents may or may not themselves be constituents of the Index; and/or
- (ii) Other collective investment schemes (CIS). "CIS" means an exchange traded fund and/or an unlisted index tracking fund that invests in A shares directly which tracks an index that has a high correlation with the Underlying Index. The Sub-Fund's ability to invest in other CIS may not exceed 10% of the Net Asset Value of the Sub-Fund and the Sub-Fund will not hold more than 10% of any units issued by any single CIS pursuant to the requirement of the Code.

Risk associated with the changes shall include the tracking error risk as the Sub-Fund's return may deviate from that of the Underlying Index when investing in CIS.

The Manager does not believe that any of the proposed changes above are adverse to the unitholders who will not have any right removed or bear any increased material cost arising from the subject matter of this Announcement.

## **Revised Prospectus**

The above changes and consequential amendments will be reflected in the revised prospectus of the Trust (by way of an addendum) which together with Product Key Fact Statement will be published on the Manager's website at [www.csopasset.com/etf](http://www.csopasset.com/etf) and the HKEx's website at [www.hkexnews.hk](http://www.hkexnews.hk) on 24 November 2014.

## **For Further Information**

If you have any queries or require further information in relation to any aspect of this Announcement, please contact our Customer Service Hotline at (852) 3406 5688.

By Order of the Board  
**CSOP Asset Management Limited**  
南方東英資產管理有限公司  
Chief Executive Officer  
Ding Chen

22 October 2014

As of the date of this Announcement, the board of directors of the Manager comprises 7 Directors namely, Ms. Ding Chen, Mr. Gao Liangyu, Mr. Zhang Gaobo, Mr. Benoit Descourtieux, Mr. Yang Xiaosong, Mr. Cai Zhongping and Mr. Li Haipeng.