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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**

### **Underlying Index Methodology Update**

CSOP Asset Management Limited (the “**Manager**”) notifies unitholders of the amendments to the Prospectus of the CSOP ETF Series (the “**Trust**”) in relation to the changes to methodology of the FTSE China A50 Index (the “**Underlying Index**”) of CSOP FTSE China A50 ETF (the “**Sub-fund**”). A separate set of Ground Rules will be created specifically for the Underlying Index of the Sub-Fund. In addition, the underlying universe will be changed from the FTSE China A All-Share Index to the FTSE China A All Cap Free Index. The changes made to the Prospectus shall take effect from 18 September 2017 (“the **Effective Date**”).

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

### **Creation of a separate set of Ground Rules specifically for the FTSE China A50 Index**

Currently the Underlying Index rules are part of the FTSE China A Index Series Ground Rules. FTSE Russell (the “**Index Provider**”) would like to create a separate set of Ground Rules specifically for the FTSE China A50 Index effective from the Effective Date.

The Underlying Index is broadly used by market participants – buy side, sell side, institutional and retail. The Index Provider receives many enquiries on this index. A separate, dedicated rule book will more clearly communicate the methodology of the index, and will be more convenient for all market participants to use.

### **Change of underlying universe from the FTSE China A All-Share Index to the FTSE China A All Cap Free Index**

As the Index Provider will create separate index rules for the Underlying Index, the Index Provider will need to reference an underlying universe as part of the quarterly index review.

Currently, the underlying universe is the FTSE China A All-Share Index. Effective from the Effective Date, the underlying universe will be changed to the newly launched FTSE China A All Cap Free Index while the FTSE China A50 Index is a subset of the FTSE China A All Cap Free Index.

FTSE China A All Cap Free Index is the Index Provider’s most comprehensive benchmark for the Chinese A share market. It not only incorporates A shares listed on the Shanghai and Shenzhen main markets, Shenzhen SME Board, but importantly also A-shares listed on the Shenzhen ChiNext Board, which is not included in the FTSE China A All-Share Index.

The ChiNext Board is a fast growing segment of the Chinese stock market and with more than \$700bn in total market capitalisation. The largest company on the ChiNext Board has more than \$20bn in gross market capitalisation (as at 28 April 2017).

The universe switch will allow ChiNext Stocks to be eligible for inclusion into the FTSE China A50 Index.

The main change to the switch in review universe for the Underlying Index is the eligibility of ChiNext stocks. There are other changes, which the Index Provider believes would cause limited impact on the composition of the Underlying Index. These changes are:

- i. The frequency of the liquidity test will increase from annually in March to semi-annually in March and September.
- ii. The current minimum free float rule that excludes companies with free floats of 3% or below will change to exclude companies with free floats of 5% or below unless their investable market capitalisations are larger than a minimum threshold.
- iii. The fast entry universe will change from the current requirement of 0.5% by full market capitalisation of the FTSE China A All-Share Index to 0.5% by full market capitalisation of the FTSE China A All Cap Free Index.

The changes will not materially prejudice the existing shareholders’ rights or interests and there will not be any material changes or increase in the overall risk profile of the Sub-Fund following the changes. There will not be any changes to the investment objective and policy, features, the manner the Sub-Fund is managed, and the fee level/ cost in managing the Sub-Fund.

### **Updated Prospectus**

The Prospectus of the Sub-Fund will be updated to reflect the changes described above. The revised Prospectus and the revised Product Key Facts Statement will be uploaded 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 the Effective Date.

### **General**

Unless otherwise defined, all capitalised terms shall have the same meaning as that in the Prospectus of the Sub-Fund.

### **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**  
Chief Executive Officer  
Ding Chen

18 September 2017

As of the date of this Announcement, the board of directors of the Manager comprises 6 Directors namely, Ms. Ding Chen, Mr. Zhang Gaobo, Mr. Benoit Descourtieux, Mr. Yang Xiaosong, Mr. Cai Zhongping and Mr. Li Haipeng.