

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 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 the iShares MSCI Emerging Asia 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 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.*

*BlackRock Asset Management North Asia 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 authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.*

## **iShares Asia Trust (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)*

### **iShares MSCI Emerging Asia ETF (Stock Code: 2802)**

**(the “Sub-Fund”)**

## **ANNOUNCEMENT AND NOTICE OF THE PROPOSED CESSATION OF TRADING, TERMINATION, VOLUNTARY DEAUTHORISATION AND DELISTING AND NON- APPLICABILITY OF CERTAIN PROVISIONS OF THE CODE ON UNIT TRUSTS AND MUTUAL FUNDS**

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 Sub-Fund (the “Prospectus”) published on 29 April 2022.

**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 of units of the Sub-Fund (the “Units”) on the SEHK, proposed termination and proposed deauthorisation of the Sub-Fund, proposed delisting of the Sub-Fund from the SEHK and the non-applicability of certain provisions of the Code on Unit Trusts and Mutual Funds (the “Code”) for the period from 1 March 2023 (i.e. the Trading Cessation Date) to the date of deauthorisation of the Sub-Fund (the “Deauthorisation Date”). In particular, investors should note that:

- taking into account the relevant factors, including, in particular, the relatively small Net Asset Value of the Sub-Fund (see section 1 below), the Manager has decided to exercise its power under Clause 35.7(a) of the trust deed dated 16 November 2001, as amended from time to time (the “Trust Deed”), to seek termination of the Sub-Fund with effect from the Termination Date (as defined in section 3.3 below);

- the Last Trading Day (as defined in section 3.4 below) of the Units will be 28 February 2023;
- the Units will cease trading from the Trading Cessation Date (as defined in section 3.4 below), i.e. 1 March 2023;
- the Manager will aim to realise all of the assets of the Sub-Fund (save for the Suspended Stocks, as defined in section 2.1 below, in the case of Scenario A as described below) from the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards, (i) there will be no further trading of Units and no further creation and redemption of Units; (ii) the Manager will start to realise all the assets of the Sub-Fund (save for the Suspended Stocks in the case of Scenario A) and the Sub-Fund will therefore cease to track the performance of its Underlying Index and will not be able to meet its investment objective of tracking the performance of its Underlying Index; (iii) the Sub-Fund will no longer be marketed or offered to the public; (iv) the Sub-Fund will mainly hold cash (and the Suspended Stocks in the case of Scenario A); and (v) the Sub-Fund will only be operated in a limited manner;
- the Sub-Fund holds certain Suspended Stocks. To allow Unitholders to receive proceeds from the redemption of Units at a fair value or distribution (as the case may be) without undue delay, the Manager proposes the following:
  - under Scenario A, if for any reason the Sub-Fund does not receive sale proceeds of the Suspended Stocks on or before the Suspended Stocks Valuation Date (as defined in section 3.4 below), i.e. 1 March 2023, the Manager and the Trustee (acting on behalf of the Sub-Fund) will enter into a Purchase Agreement (as defined in section 2.1 below). The Manager will purchase the Suspended Stocks Receivables (as defined in section 2.1 below), in consideration for a cash payment by the Manager to the Sub-Fund at the fair value of the Suspended Stocks. Please refer to Scenario A under section 2.1 for further details and section 2.3 for a description of the mechanism for determining fair value of the Suspended Stocks. Units held by the Relevant Investors (as defined in section 2.1 below) will then be compulsorily redeemed on the Compulsory Redemption Date (as defined in section 3.4 below), i.e. 8 March 2023;
  - under Scenario B, where the Sub-Fund is able to sell or otherwise dispose of the Suspended Stocks and receives sale proceeds of the Suspended Stocks on or before the Suspended Stocks Valuation Date, the purchase of Suspended Stocks Receivables and compulsory redemption of Units will not take place. The Manager will sell or otherwise dispose of the Suspended Stocks which resume trading on the SEHK, and, after consulting the Trustee and the Sub-Fund’s auditor (the “Auditor”), declare a distribution in HKD in respect of the Relevant Investors. Please refer to Scenario B under section 2.1 for further details. The Manager will publish an announcement as soon as practicable following the resumption of trading of the Suspended Stocks to inform Relevant Investors of the details of distribution, other relevant dates and the next steps that the Manager will proceed with if this takes place.
- after the Trading Cessation Date, the Manager will maintain the Sub-Fund’s SFC authorised status and the Sub-Fund’s SEHK listed status. Assuming Scenario A will take place:
  - subject to the SEHK’s approval, it is expected the delisting will take effect shortly after the Units are fully redeemed by way of compulsory redemption. Subject to the approval of the SEHK, the Delisting Date is expected to be on or around 22 March 2023;
  - the Manager expects that subject to the approval of the SFC, the termination and deauthorisation of the Sub-Fund will take place shortly after all Suspended Stocks Receivables are paid according to the Purchase Agreement and the Trustee and the Manager form an opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities (please note any product documentation for the Sub-Fund previously issued to investors, including the Prospectus and the Product Key Facts Statement (the “KFS”) in respect of the Sub-Fund, should be retained for personal use only and not for public circulation);

- the Manager will bear the costs and expenses associated with the termination of the Sub-Fund (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of the Sub-Fund, which will be borne by the Sub-Fund and by extension, its Unitholders) from the date of this Announcement and Notice up to and including the Termination Date; and
- investors should pay attention to the risk factors set out in section 6.1 below (including liquidity risk, Units trading at a discount or premium and Market Makers' inefficiency 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 Sub-Fund Underlying Index risk, suspension of primary market redemption risk and delay in Redemption Payment or distribution risk). Investors should exercise caution and consult their professional and financial advisers before dealing in the Units or otherwise deciding on the course of actions to be taken in relation to their Units.

Stockbrokers and financial intermediaries are urged to:

- forward a copy of this Announcement and Notice to their clients holding Units in the 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 Sub-Fund on or before the Last Trading Day; and
- 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.

If investors are in doubt about the contents of this Announcement and Notice, they should contact their independent financial intermediaries or professional advisers to seek their professional advice, or direct their queries to the Manager (please refer to section 8 below).

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

### 1.1. Proposed termination of the Sub-Fund

According to Clause 35.7(a) of the Trust Deed, the Sub-Fund may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee if the Net Asset Value of the Sub-Fund shall be less than HK\$150,000,000. The Trust Deed does not require investors' approval for terminating the Sub-Fund on the ground set out in Clause 35.7(a).

As at 27 January 2023, the Net Asset Value and the Net Asset Value per Unit of the Sub-Fund are as follows:

Net Asset Value	Net Asset Value per Unit
HK\$88,466,173	HK\$55.29

Having taken into account the relevant factors including the interests of the investors as a whole and the current relatively small Net Asset Value of the Sub-Fund, the Manager is of the view that the proposed termination of the Sub-Fund would be in the best interests of the investors of the Sub-Fund. Therefore, the Manager decided to exercise its power under Clause 35.7(a) of the Trust Deed by giving notice in writing to the Trustee of its proposal to terminate the Sub-Fund on the date on which the Trustee and the Manager form an opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities. The Manager has, pursuant to Clause 35.7(a) of the Trust Deed, given written notice to the Trustee notifying the Trustee of its proposal to terminate the Sub-Fund and to voluntarily seek the deauthorisation and delisting of the Sub-Fund (the "Proposal"), and the Trustee does not object to such Proposal and acknowledges the non-applicability of certain provisions of the Code as referred to in this Announcement and Notice.

As required under Clause 35.10 of the Trust Deed, no less than three months' notice is hereby given to the investors, notifying them of the proposed termination of the Sub-Fund. Also, as required under Chapters 11.1A

and 11.2 of the Code, no less than one month's notice is hereby given to the investors, notifying them that the Sub-Fund will cease to track the performance of the Underlying Index, and cease trading, from the Trading Cessation Date.

## **1.2. Proposed cessation of trading of the Sub-Fund**

The Manager will apply to SEHK to have the Units cease trading on the SEHK with effect from the Trading Cessation Date, i.e. 1 March 2023. The Manager will aim to realise all of the assets of the Sub-Fund (save for the Suspended Stocks in the case of Scenario A below) effective from the Trading Cessation Date in exercise of its investment powers under Clause 9.5 of the Trust Deed.

The realisation of assets of the Sub-Fund will not incur any additional cost as compared to the costs associated with normal realisation of investments.

28 February 2023 will be the Last Trading Day when investors may buy or sell Units on the SEHK in accordance with the usual trading arrangements currently in place, and no creation and redemption of Units through Participating Dealers will be allowed after such date. Creation and redemption of Units 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 after this Announcement and Notice has been published.

Investors should note that they cannot create or redeem Units directly in the primary market. Only Participating Dealers may submit creation and redemption applications to the Manager. 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 no 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. Impact of the proposed realisation of the assets of the Sub-Fund**

As disclosed in the Prospectus, where the Underlying Index is rebalanced and the Sub-Fund in turn rebalances its portfolio to bring it in line with the Underlying Index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne directly by the Sub-Fund and its Unitholders. The next Underlying Index rebalancing date is expected to occur on 20 February 2023 (the "**February Rebalancing**"). Given that the assets of the Sub-Fund will be realised from the Trading Cessation Date, the Manager considers that it will not be in the best interest of the investors to rebalance the Sub-Fund following the February Rebalancing. As such, the Manager will not rebalance the portfolio of the Sub-Fund following the February Rebalancing, so as to not incur any transaction costs associated with the February Rebalancing and to avoid any potential market exposure arising from such portfolio rebalancing.

After the realisation of the liquid assets of the Sub-Fund, the Sub-Fund will mainly hold cash (primarily consisting of the proceeds from the realisation of the liquid assets of the Sub-Fund) and in the case of Scenario A, the Suspended Stocks (please see section 2 below for details). It therefore follows that, from the Trading Cessation Date, the 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.

## **2. Suspended Stocks and compulsory redemption**

### **2.1. Treatment of Suspended Stocks**

Certain stock(s) held by the Sub-Fund are suspended from trading on the SEHK as at the date of this Announcement and Notice (the "**Suspended Stocks**"). As at 30 January 2023, the Sub-Fund held three Suspended Stocks<sup>1</sup>, the fair value of which is approximately HK\$27,473.51 and accounted for 0.03% of the Sub-Fund's Net Asset Value. There is no active market on any stock exchange or current market price for such Suspended Stocks.

To allow Unitholders to receive redemption proceeds of Units at fair value or distribution (as the case may be) without undue delay, the Manager proposes the following:

#### **Scenario A – The Sub-Fund does not receive sale proceeds of Suspended Stocks on or before 1 March 2023**

If for any reason the Sub-Fund does not receive sale proceeds of the Suspended Stocks on or before 1 March 2023, i.e. the Suspended Stocks Valuation Date (as defined in section 3.4 below) (including where trading suspension continues, or in the existence of other circumstances preventing the sale or disposal of the

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<sup>1</sup> The three Suspended Stocks as at 30 January 2023 are China Evergrande Group (Ticker: 3333 HK), Shima Group Holdings (Ticker: 813 HK) and Sunac China Holdings (Ticker: 1918 HK).

Suspended Stocks), to allow Unitholders to receive redemption proceeds of Units at fair value without undue delay, the Manager will, on or shortly after the Suspended Stocks Valuation Date, enter into a purchase agreement with the Trustee (acting on behalf of the Sub-Fund) (the “**Purchase Agreement**”), pursuant to which the Manager will purchase the receivables from the Suspended Stocks, comprising (i) the dividends (if any) from the Suspended Stocks and (ii) proceeds from disposal of the Suspended Stocks as and when they become liquid (the “**Suspended Stocks Receivables**”), in consideration for a cash payment by the Manager to the Sub-Fund at the fair value of the Suspended Stocks as at the Suspended Stocks Valuation Date (the “**Suspended Stocks Purchase Price**”). The Manager (in its corporate capacity) will pay the Suspended Stocks Purchase Price to the Trustee (on behalf of the Sub-Fund).

For the avoidance of doubt, where trading of the Suspended Stocks resumes on or before the Suspended Stocks Valuation Date but the Sub-Fund has yet to receive sale proceeds on or before such date, the purchase of Suspended Stocks Receivables as described above and compulsory redemption of Units (see section 2.2 below) will still take place.

#### Scenario B – The Sub-Fund receives sale proceeds of Suspended Stocks on or before 1 March 2023

Where the Sub-Fund is able to sell or otherwise dispose of all of the Suspended Stocks and receives sale proceeds of all of the Suspended Stocks on or before the Suspended Stocks Valuation Date, the purchase of Suspended Stocks Receivables and compulsory redemption of Units (see section 2.2 below) will not take place. The Manager will sell or otherwise dispose of the Suspended Stocks which resume trading on the SEHK. The Manager will, after consulting the Trustee and the Auditor, declare a distribution in HKD in respect of those investors who remain invested in the Sub-Fund as of the Record Date (the “**Relevant Investors**”). Each Relevant Investor will be entitled to a distribution of an amount equal to the Sub-Fund’s then Net Asset Value in proportion to the Relevant Investor’s Units in the Sub-Fund as at the Record Date. The Sub-Fund’s then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the Sub-Fund, including the proceeds from the sale of Suspended Stocks (but excluding (i) any taxes payable and (ii) any expenses payable). The distribution payable to each such Relevant Investor will be paid to the accounts of its financial intermediary or stockbroker maintained with CCASS.

The Manager will publish an announcement as soon as practicable following the resumption of trading of all of the Suspended Stocks to inform Relevant Investors of the details of distribution (including the date of distribution, amount of distribution and distribution rate per Unit), other relevant dates and the next steps that the Manager will proceed with if this takes place. As the dates of delisting, deauthorisation and termination of the Sub-Fund may be different from those as set out in the section “Important dates” in this Announcement and Notice, depending on the date on which the Sub-Fund is able to sell or otherwise dispose of, and receive the proceeds of, all of the Suspended Stocks (which will be on or before 1 March 2023), the Manager will also inform Relevant Investors of the revised dates in the further announcement.

#### **2.2. Compulsory redemption (relevant to Scenario A only)**

Units held by the Relevant Investors will then be compulsorily redeemed according to Clause 35.8B of the Trust Deed on the Compulsory Redemption Date, i.e. 8 March 2023, so that the Suspended Stocks 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 (as discussed in section 3.2 below), the Suspended Stocks shall be held by the Trustee on trust in the name of the Sub-Fund. When the Suspended Stocks become liquid or are otherwise disposed of, the Manager (in its corporate capacity) will, pursuant to the Purchase Agreement, be entitled to receive a payment from the Trustee (acting on behalf of the Sub-Fund) out of the Suspended Stocks Receivables, up to the Suspended Stocks Purchase Price. This means that:

- a) if the sum of the Suspended Stocks Receivables, less (i) the cost of holding and disposing of the Suspended Stocks following the Compulsory Redemption Date and (ii) the Suspended Stocks 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 35.8B of the Trust Deed; and
- b) if the sum of the Suspended Stocks Receivables, less the cost of holding and disposing of the Suspended Stocks following the Compulsory Redemption Date, is less than the Suspended Stocks Purchase Price, the Manager shall bear the loss in its corporate capacity, and neither the Trustee of the Sub-Fund nor the Unitholders shall be liable for the shortfall.

The Manager considers that the arrangements as set out above under Scenario A and Scenario B respectively, which allow Unitholders to receive proceeds from the redemption of Units at fair value or distribution (as the case may be) without undue delay, are in the best interest of the Sub-Fund and the Unitholders as a whole. The Trustee does not object to such arrangements.

#### **2.3. Determining the fair value of Suspended Stocks (relevant to Scenario A only)**

Fair valuation of the Suspended Stocks as of the Suspended Stocks Valuation Date is applied to the determination of the Net Asset Value of the Sub-Fund. This section gives a brief summary of the procedures and policies of the determination of fair value of the Suspended Stocks.

The fair value of the Suspended Stocks is determined by the BlackRock Asia Pacific Pricing team in accordance with BlackRock's valuation policy, and is reviewed and approved by the BlackRock Valuation Committee, which acts independently from the portfolio management and trade execution teams of the Manager. In particular, with regards to the Suspended Stocks, valuation will be based on specific information about the financial conditions of the relevant company (such as news or announcements) and/or a proxy appropriate for the relevant company.

The fair values approved by the BlackRock Valuation Committee, in consultation with the Trustee, are then applied to the Net Asset Value.

These fair valuation procedures and policies are consistently applied across all funds and other mandates managed by the Manager and/or its affiliates which hold the Suspended Stocks.

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

#### **3.1. Trading on the SEHK 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 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 Sub-Fund (collectively the "**Market Makers**") will continue to perform their market making functions in accordance with the trading rules of the SEHK until the Trading Cessation Date.

Investors should note that stockbrokers or other financial intermediaries may impose brokerage fees on any sale of the Units on the SEHK on investors, and a transaction levy (at 0.0027% of the price of the Units), an Accounting and Financial Reporting Council transaction levy (at 0.00015% of the price of the Units) and a trading fee (at 0.00565% effective from 1 January 2023 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 on the SEHK.

The trading price of Units may be below or above the Net Asset Value per Unit. Please see the risk factor in section 6.1 below.

#### **3.2. From the Trading Cessation Date to the Delisting Date**

During the period from the Trading Cessation Date until the Delisting Date, although the Sub-Fund will continue to be listed on the SEHK and will remain authorised by the SFC, the Sub-Fund will no longer be marketed or offered to the public and will only be operated in a limited manner because there will be no trading of Units and the Sub-Fund will have no investment activities from the Trading Cessation Date onwards. As such, pursuant to Chapter 8.6(t) of the Code and paragraph 13 of the Frequently Asked Questions on Exchange Traded Funds and Listed Funds issued by the SFC (the "**ETF FAQs**"), the Sub-Fund will continue to maintain its authorisation status with the SFC without strictly complying with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date.

Assuming Scenario A will take place, for Relevant Investors (who are still holding Units of the Sub-Fund after the Last Trading Day), the Manager will compulsorily redeem Units held by the Relevant Investors in accordance with Clause 35.8B of the Trust Deed on 8 March 2023, i.e. the Compulsory Redemption Date.

After having consulted the Trustee and the Auditor, the redemption value of the Units will be determined on the Compulsory Redemption Date, being the Net Asset Value of the Units then in issue on such date (the "**Redemption Value**"). The Sub-Fund's then Net Asset Value will be the total value of the net proceeds from the realisation of the assets of the Sub-Fund, which for the avoidance of doubt includes the Suspended Stocks Purchase Price.

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 Sub-Fund as at the Compulsory Redemption Date (the "**Redemption Payment**"). The Redemption Payment will be paid in cash in HKD only to each Relevant Investor on the Redemption Payment Date (as defined in section 3.4 below).

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

After the Units are fully redeemed by way of compulsory redemption and subject to approval by the SEHK, the Sub-Fund will be delisted from the SEHK shortly after the Redemption Payment Date on or around 22 March 2023, i.e. the Delisting Date. An announcement will be issued on or shortly before the Delisting Date to inform Relevant Investors of the Delisting Date.

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 holdings of Units during the period from the Trading Cessation Date up until the Compulsory Redemption Date.

**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 their Units. If an investor disposes of its Units at any time on or before the Last Trading Day, such investor will not in any circumstances be entitled to any portion of the Redemption Payment in respect of any Units so disposed. Investors should therefore exercise caution and consult their professional and financial advisers before dealing in their Units or otherwise deciding on any course of actions to be taken in relation to their Units.**

### 3.3. Between the Delisting Date and the Termination Date (relevant to Scenario A only)

The Trustee will hold any outstanding assets (namely, the Suspended Stocks) on trust in the name of the Sub-Fund after the Redemption Payment Date. Whilst the Sub-Fund will cease to be listed on the SEHK after the Delisting Date, it is intended that the Sub-Fund will maintain its SFC authorisation status until all Suspended Stocks are realised and all Suspended Stocks Receivables are paid according to the Purchase Agreement, after which the Manager and the Trustee will commence the completion of terminating the Sub-Fund when the Manager and the Trustee are of the opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities (the “**Termination Date**”).

Subject to the SFC’s approval, the deauthorisation of the Sub-Fund will take place either on or shortly after the Termination Date.

For the avoidance of doubt, under Scenario A, as the Sub-Fund will be delisted from the SEHK shortly after the Redemption Payment Date, the Manager will not issue an announcement as and when the Suspended Stocks resume trading or upon termination and deauthorisation of the Sub-Fund.

Following deauthorisation, the 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 Sub-Fund previously issued to investors, including the Prospectus and the KFS in respect of the Sub-Fund, 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 Sub-Fund to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance of Hong Kong (the “**SFO**”).

### 3.4. 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 Sub-Fund will be as follows:

Dispatch of this Announcement and Notice	30 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) after this Announcement and Notice has been published	31 January 2023 (Tuesday)
Last day on which requests for creation by Participating Dealers for market making activities and redemption of Units in the primary market by Participating Dealers may be accepted  Last day for dealings in the Units on the SEHK (the “ <b>Last Trading Day</b> ”)	28 February 2023 (Tuesday)

<p>No further requests for creation and redemption of Units in the primary market by Participating Dealers will be accepted</p> <p>Cessation of trading in the Units on the SEHK in the secondary market</p> <p>The date on which the Manager will start to realise all the investments of the Sub-Fund (save for the Suspended Stocks in the case of Scenario A) and the Sub-Fund will cease to track the performance of its Underlying Index</p> <p>The day from which the Sub-Fund shall no longer be marketed or offered to the public in Hong Kong</p> <p>(the “<b>Trading Cessation Date</b>”)</p>	1 March 2023 (Wednesday)
<p>The date on which the fair value of the Suspended Stocks will be determined</p> <p>(the “<b>Suspended Stocks Valuation Date</b>”)*</p>	1 March 2023 (Wednesday)
<p>Record date for determining the eligibility of entitlement for (in case of Scenario A) the Redemption Payment following compulsory redemption of Units or (in case of Scenario B) the distribution (as the case may be)</p> <p>(the “<b>Record Date</b>”)</p>	By close of business on 3 March 2023 (Friday)
<p>The date on which all Units in the Sub-Fund will be compulsorily redeemed in accordance with Clause 35.8B of the Trust Deed and, after having consulted the Trustee and the Auditor, the Redemption Value will be determined</p> <p>(the “<b>Compulsory Redemption Date</b>”)*</p> <p>An announcement will be issued on or shortly following the Compulsory Redemption Date to inform Relevant Investors of the fair value of the Suspended Stocks, the Redemption Value and the Redemption Payment Date.</p>	8 March 2023 (Wednesday)
<p>The date on which redemption proceeds will be paid to Relevant Investors</p> <p>(the “<b>Redemption Payment Date</b>”)*</p>	On or around 15 March 2023 (Wednesday)
<p>Delisting of the Sub-Fund</p> <p>(the “<b>Delisting Date</b>”)*</p> <p>An announcement will be issued on or shortly before the Delisting Date to inform Relevant Investors of the Delisting Date.</p>	On or around 22 March 2023 (Wednesday), which is the date on which the delisting becomes effective as approved by the SEHK
<p>Termination Date*</p>	On a date after the Manager and the Trustee form the opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets and liabilities, which will be on or after 2 May 2023 (Tuesday)
<p>Deauthorisation Date*</p> <p>The Deauthorisation Date will be the date on which the SFC approves the deauthorisation. The Manager expects that the deauthorisation will take place either on or shortly after the Termination Date.</p>	On or shortly after the Termination Date

\*Assuming Scenario A will take place. In the case of Scenario B, the Manager will publish a further announcement as soon as practicable following the resumption of trading of the Suspended Stocks to inform Relevant Investors of the key events and their dates.

The Manager will issue the following:



- (i) (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 Record Date;
- (ii) (relevant to Scenario A only, on or shortly following the Compulsory Redemption Date) an announcement to inform Relevant Investors of the fair value of the Suspended Stocks, the Redemption Value and the Redemption Payment Date;
- (iii) (relevant to Scenario A only, on or shortly before the Delisting Date), an announcement to inform Relevant Investors of the Delisting Date;
- (iv) (relevant to Scenario B only) an announcement to inform Relevant Investors of the details of distribution (including the distribution date, the amount of distribution and distribution rate per Unit), other relevant dates and the next steps that the Manager will proceed with; and
- (v) (relevant to Scenario B only, on or shortly before the Termination Date), an announcement informing Relevant Investors about the Termination Date, Deauthorisation Date and Delisting Date of the Sub-Fund,

in accordance with the applicable regulatory requirements.

If there is any change to the dates mentioned set out in the table above, the Manager will issue an announcement to inform the Relevant Investors of the revised dates. For the avoidance of doubt, under Scenario A, as the Sub-Fund will be delisted from the SEHK shortly after the Redemption Payment Date, the Manager will not issue an announcement as and when the Suspended Stocks resume trading or upon termination and deauthorisation of the Sub-Fund.

All stockbrokers and financial intermediaries are urged to forward a copy of this Announcement and Notice, together with any further announcements, to their clients investing in the Units of the Sub-Fund, and inform them of the contents of this Announcement and Notice, and any further announcements, as soon as possible.

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

##### **4.1. Background**

As set out in section 3.2 above, while the Units will cease trading effective from the Trading Cessation Date, because of certain outstanding contingent or actual assets and liabilities in relation to the Sub-Fund, the Sub-Fund will remain in existence after the Trading Cessation Date. The Sub-Fund maintain its SEHK listed status until the Delisting Date and will remain authorised by the SFC until the Deauthorisation Date.

Pursuant to Chapter 8.6(t) of the Code and paragraph 13 of the ETF FAQs, the Sub-Fund may not strictly comply with certain provisions of the Code for the period from and including the Trading Cessation Date up until the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC are met. Such conditions and requirements are described in this section 4.

##### **4.2. 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 of a Sub-Fund 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 Sub-Fund without strict compliance with Chapter 10.7 of the Code (for the period from the Trading Cessation Date to the Deauthorisation Date), subject to the condition that a statement shall be posted in a prominent position of the Sub-Fund's website from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units of the Sub-Fund have ceased trading on the SEHK from 1 March 2023 (i.e. the Trading Cessation Date), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Sub-Fund will maintain its listed status with SEHK during the period from and including the Trading Cessation Date up until the Delisting Date, investors may continue to access further announcements in relation to the Sub-Fund via the Manager's website [www.blackrock.com/hk](http://www.blackrock.com/hk) and HKEX's website (these websites have not been reviewed by the SFC) during such period. Announcements will also be accessible via the Manager's website until Deauthorisation Date.

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

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

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

- (A) the Manager shall ensure that the Net Asset Value per Unit as of 28 February 2023 (i.e. the Last Trading Day) and, subsequently, 8 March 2023 (i.e. the Compulsory Redemption Date), will be published on the Manager's website [www.blackrock.com/hk](http://www.blackrock.com/hk) (this website has not been reviewed by the SFC); and
- (B) the Manager shall update the latest available Net Asset Value per Unit on the Manager's website [www.blackrock.com/hk](http://www.blackrock.com/hk) (this website has not been reviewed by the SFC) as soon as practicable should there be any other change to the Net Asset Value of the Sub-Fund, including but not limited to changes arising from (i) any deduction of transaction costs or taxes relating to the realisation of the assets of the Sub-Fund; (ii) any change in market value of the scrip dividend receivable by the Sub-Fund (if any) of the underlying investments; (iii) dividends from the Suspended Stocks (if any); and (iv) realisation of the Suspended Stocks upon resumption of trading.

#### **4.4. Updating of the Prospectus and KFS**

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

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

- (A) the Manager shall promptly notify investors of any changes to the Sub-Fund or to the Prospectus or the KFS by means of publishing the announcement(s) on the Manager's website [www.blackrock.com/hk](http://www.blackrock.com/hk) and the HKEX's website (these websites have not been reviewed by the SFC) (each, a "**Relevant Future Announcement**");
- (B) the Manager shall 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 and any other Relevant Future Announcement(s); and
- (C) the Manager shall issue an updated Prospectus on the Deauthorisation Date to remove all references to the Sub-Fund.

#### **4.5. Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 4.2 to 4.4 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 on the Stock Exchange of Hong Kong Limited and other applicable laws and regulations in respect of the Sub-Fund.

### **5. Costs**

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

As indicated in section 3.1 above, stockbrokers or financial intermediaries may levy certain fees and charges for any orders to dispose of Units on or before the Last Trading Day.

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

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

#### **5.3. Ongoing charges**

The ongoing charges over a year for the Sub-Fund as a percentage of the Net Asset Value is 0.59%\*.

*\* The ongoing charges figure is based on expenses for the year ended 31 December 2021 for the Sub-Fund. It represents the sum of the ongoing expenses chargeable to the Sub-Fund expressed as a percentage of the average Net Asset Value.*

The Manager does not expect that the termination of the Sub-Fund will impact the figure disclosed above for ongoing charges. Please note for completeness the ongoing charges figure shown above is calculated in accordance with the guidance under the relevant SFC circular, and excludes the following costs and expenses associated with the termination of the Sub-Fund (which are to be borne by the Sub-Fund): (i) normal operating expenses such as transaction costs, and (ii) any taxes relating to the liquidation of assets of the Sub-Fund.

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

#### **5.4. Cost of termination, deauthorisation and delisting**

The Manager will bear all costs and expenses associated with the termination of the Sub-Fund (other than normal operating expenses such as transaction costs and any taxes relating to the liquidation of assets of the Sub-Fund) from the date of this Announcement and Notice up to and including the Termination Date.

The Manager will continue to charge a Management Fee up to and including the Compulsory Redemption Date.

### **6. Other matters**

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

In consequence of this Announcement and Notice and the proposed cessation of trading of the Units on the SEHK, proposed termination, proposed deauthorisation and the proposed delisting of the Sub-Fund from the SEHK, investors should note and consider the following risks:

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

**Units trading at a discount or premium and Market Makers' inefficiency risk** – The Units of the Sub-Fund may trade at a discount or premium of its Net Asset Value. Although the Manager expects that, up to (and including) the Last Trading Day, the Market Makers will continue to perform their market making functions in respect of the Sub-Fund in accordance with the trading rules of the SEHK, Units may trade at a discount compared to their Net Asset Value in extreme market situations. This is because many investors may want to sell their Units after the Proposal has been announced 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 may trade at a premium, and consequently the divergence between the supply of and demand for the Units of the Sub-Fund may be larger than usual. In particular, should there be a large demand for Units before the Trading Cessation Date, the Market Makers may not be able to effectively perform its market making activities to provide liquidity of the trading of Units on the SEHK in these extreme market situations. As a result, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice up to (and including) the Last Trading Day.

**Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk** – As mentioned in section 1.3 above, the Manager considers that it will not be in the best interest of the investors to rebalance the Sub-Fund following the February Rebalancing and will therefore not rebalance the portfolio of the Sub-Fund following the February Rebalancing to track the rebalanced Underlying Index, which may result in tracking error. In addition, it is possible that the size of the Sub-Fund may drop drastically before the Last Trading Day. This may impair the Manager's ability to fulfill the investment objective of the Sub-Fund and result in significant tracking error. In the extreme situation where the size of the Sub-Fund becomes so small that the Manager considers that it is not in the best interest of the Sub-Fund to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the Sub-Fund into cash or deposits in order to protect the interest of the investors of that 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 investments. 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 Sub-Fund Underlying Index risk** – All assets of the Sub-Fund (save for the Suspended Stocks in the case of Scenario A), to the extent possible, will be liquidated with effect from the Trading Cessation Date. Thereafter, the Sub-Fund's assets will mainly be cash. The Sub-Fund will only be operated in a limited manner. It therefore follows that, from the Trading Cessation Date, the Sub-Fund will cease to track the

performance of its Underlying Index, and will not be able to meet its investment objective of tracking the performance of its Underlying Index.

***Suspension of primary market redemption risk*** – There is currently no active market for the Suspended Stocks. If the size of the Sub-Fund drops before the Last Trading Day and/or the proportion of the fair value attributed to the Suspended Stocks (as a percentage of the Net Asset Value of the Sub-Fund) increases (for instance, due to market conditions), the Sub-Fund may experience an increase in tracking error. In such situations and in order to protect the interests of all Unitholders remaining until the Last Trading Day, the Manager may exercise its powers under the Trust Deed to suspend redemptions of Units by Participating Dealers before the Last Trading Day. Specifically, under Clause 7.14 of the Trust Deed, the Manager may exercise its power under a number of circumstances, including (i) during any period when dealings on a market on which a security (that is a component of the Underlying Index for the Sub-Fund) has its primary listing are restricted or suspended and/or (ii) during the existence of any state of affairs as a result of which disposal of investments for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, be effected normally. Such decision may be taken after considering the proportion of the fair value attributed to the Suspended Stocks (out of the current Net Asset Value of the Sub-Fund) and the overall liquidity profile of the remaining portfolio of the Sub-Fund.

In such circumstances, there is a risk that the effective arbitrage mechanism as between creations/redemptions of Units at Net Asset Value and purchase/sale of Units in the secondary market on the SEHK at such Units' trading price(s) may be affected. Accordingly there is a risk that this may result in an increase in the discount or premium of the trading price of Units to the Net Asset Value per Unit.

Furthermore, if investors dispose of their Units in the secondary market before the Last Trading Day, the amount of proceeds they receive from selling their Units may be lower or higher than the total amount of redemption proceeds they may otherwise receive after the Last Trading Day, following the compulsory redemption of all Units. Investors should consider the potential benefits and drawbacks of when to dispose their Units, in particular if the Units are trading on the secondary market at a significant discount to the then applicable Net Asset Value per Unit.

If suspension of redemption of Units by Participating Dealers remains in place after the Last Trading Day, all dealings (including primary market redemptions by Participating Dealers) will cease as per the timetable set out in this Announcement and Notice, and accordingly, the circumstances set out in section 3 of this Announcement and Notice will apply.

***Delay in Redemption Payment or distribution risk*** – The Manager will aim to realise all of the assets of the Sub-Fund (save for the Suspended Stocks in the case of Scenario A) and proceed with the Redemption Payment or distribution (as the case may be) as soon as practicable. However, the Manager may not be able to realise all the assets of the Sub-Fund 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 closed. In this case, the payment of Redemption Payment or distribution (as the case may be) to the Relevant Investors may be delayed.

Investors' attention is also drawn to the risk factors disclosed in the Prospectus.

## **6.2. Tax implications**

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

Redemption Payment or distribution (as the case may be) to the extent of distribution of profits and/or capital of the Sub-Fund should generally not be subject to Hong Kong profits tax by Hong Kong investors (whether by way of withholding or otherwise). For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units in the 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 Sub-Fund are revenue assets of the investors.

Investors should consult their professional tax advisers for tax advice.

## **6.3. Connected party transaction**

Under Scenario A, the purchase of the Suspended Stocks Receivables by the Manager, in consideration for the Suspended Stocks Purchase Price payable to the Sub-Fund, pursuant to the Purchase Agreement will amount to a transaction between the Sub-Fund and the Manager. Pursuant to Chapter 10.11 of the Code, such

transaction carried out on behalf of the Sub-Fund must be at arm's length and in the best interests of the Unitholders. The Trustee has, on behalf of the Sub-Fund, agreed to (i) the payment of the Suspended Stocks Purchase Price by the Manager and (ii) the subsequent transfer of the Suspended Stocks Receivables to the Manager (up to the Suspended Stocks Purchase Price) under Scenario A, as required by Chapter 10.11 of the Code and in accordance with the Purchase Agreement.

Other than as disclosed above, none of the connected persons of the Manager and/or the Trustee\* is involved in any transaction in relation to the Sub-Fund, nor holds any interest in the Sub-Fund.

*\* Please note The Hongkong and Shanghai Banking Corporation Limited (“**HSBC Limited**”), a Participating Dealer, is a connected person of the Trustee and may hold a substantial amount of Units in the Sub-Fund from time to time. HSBC Limited may decide to dispose of all or part of its Units, either by selling the Units on the SEHK or by redeeming the Units in the primary market, after being informed of the Proposal via this Announcement and Notice. Any disposal of Units by HSBC Limited, which is beyond the control of the Manager, may significantly reduce the size of the Sub-Fund and impair the Manager's ability to fulfill the investment objectives of the Sub-Fund and result in significant tracking error. Please refer to “Tracking errors during the period from the date of this Announcement and Notice to the Last Trading Day risk” in section 6.1 above.*

#### **7. Documents available for inspection**

A copy of the Trust Deed is available for inspection free of charge at the offices of the Manager and copies thereof may be obtained from the Manager at a cost of HK\$150 per set.

The most recent annual report and accounts of the Trust and the Sub-Fund, the most recent interim report of the Trust and the Sub-Fund and the Prospectus and the KFS of the Sub-Fund may also be obtained from the Manager free of charge.

#### **8. Enquiries**

If you have any queries concerning this Announcement and Notice, please direct them to your stockbrokers or financial intermediaries or contact the Manager at (852) 3903 2823 during office hours (except Hong Kong statutory holidays) or by email: [iSharesAsiaEnquiry@blackrock.com](mailto:iSharesAsiaEnquiry@blackrock.com).

The Manager accepts full responsibility for the accuracy of the contents of 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.

**BlackRock Asset Management North Asia Limited**  
as Manager of the Trust and the Sub-Fund

**30 January 2023**