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**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.**

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*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 financial adviser.*

*If you have sold or transferred all your units in CICC Bloomberg China Treasury 1-10 Years 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 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.*

*China International Capital Corporation Hong Kong 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 authorisation is not a recommendation or an endorsement of the Trust (as defined below) and the Terminating Investment Fund (as defined below) nor does it guarantee the commercial merits of the Trust and the Terminating Investment Fund or their performance. It does not mean the Trust and the Terminating Investment Fund are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.*

**CICC Fund 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)*

**CICC Bloomberg China Treasury 1-10 Years ETF  
Stock Codes: 83079 (RMB counter) and 03079 (HKD counter)  
(the “Terminating Investment 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 Terminating Investment Fund dated 28 April 2023, as amended and supplemented from time to time (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 of units of the Terminating Investment Fund (“Units”) on the SEHK, proposed termination and proposed deauthorisation of the Terminating Investment Fund and proposed delisting of the Terminating Investment 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 20 February 2024 (Tuesday) (i.e. the Trading Cessation Date, as defined in section 2.5) to the date of deauthorisation (the “Deauthorisation Date”). In particular, investors should note that:

- taking into account the relevant factors, in particular, the relatively small net asset value (“Net Asset Value”) of the Terminating Investment 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 15 September 2023, decided to exercise its power under Clause 35.6(A) of the Trust Deed and proposed to seek termination of the Terminating Investment Fund with effect from the Termination Date (as defined in section 2.5);
- the Last Trading Day (as defined in section 2.5) of the Units will be 19 February 2024 (Monday);
- the Units will cease trading as from 20 February 2024 (Tuesday) (i.e. the Trading Cessation Date, as defined in section 2.5);
- as the establishment costs of the Terminating Investment Fund have not been fully amortised, the Terminating Investment Fund will continue to bear its establishment costs (based on daily amortisation) up to 31 December 2023, being the last day of the Terminating Investment Fund’s first 5 financial years;
- the Manager will aim to realise all of the assets of the Terminating Investment Fund effective from the Trading Cessation Date. Accordingly, from the Trading Cessation Date onwards, (i) there will be no further trading of Units on the SEHK and no further creation and redemption of Units; (ii) the Manager will start to realise all the assets of the Terminating Investment Fund and the Terminating Investment Fund will therefore cease to track the performance of the Index and will not be able to meet its investment objective of tracking the performance of its Index; (iii) the Terminating Investment Fund will no longer be marketed to the public; (iv) the Terminating Investment Fund will mainly hold cash; and (v) the Terminating Investment Fund will only be operated in a limited manner;
- the Manager will, after having consulted the Trustee and the Terminating Investment Fund’s auditor, declare a Distribution (as defined in section 2.2) to the investors who remain so as at 28 February 2024 (Wednesday) (i.e. the Distribution Record Date), and the Distribution is expected to be payable on or around 7 March 2024 (Thursday) (i.e. the Distribution Date);
- the amount of Distribution will equal the total net assets of the Terminating Investment Fund as at 28 February 2024 (Wednesday), 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 Investment 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 Investment Fund (i.e. the Termination Date). The Manager expects the Termination Date will be on or around 21 March 2024 (Thursday). The Manager will publish an announcement on or shortly before the Termination Date in relation to the termination, deauthorisation and delisting of the Terminating Investment Fund;
- during the period from the Trading Cessation Date until the Termination Date, the Manager will maintain the Terminating Investment Fund's SFC authorisation 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 deauthorisation;
- the Manager expects that the deauthorisation 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 Investment Fund previously issued to investors, including the product key facts statement ("KFS") of the Terminating Investment Fund in respect of the Terminating Investment 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 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 Index risk and delay in 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, and inform them of the contents of this Announcement and Notice as soon as possible;
- facilitate their clients who want to dispose of Units 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; and
- inform their clients of the Distribution arrangements as set out in section 2.2 below and the possible impact in relation to such arrangements to their clients.

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

### **1.1 Proposed termination of the Terminating Investment Fund**

According to Clause 35.6(A) of the Trust Deed, the Terminating Investment Fund may be terminated by the Manager in its absolute discretion by notice in writing to the Trustee if, after

one year from the date of establishment of the Terminating Investment Fund, the aggregate Net Asset Value of all the Units outstanding shall be less than US\$10,000,000 (or equivalent in the base currency of the Terminating Investment Fund). According to the Trust Deed, Unitholders' approval shall not be required for terminating the Terminating Investment Fund on the ground set out under Clause 35.6(A) of the Trust Deed.

As at 8 November 2023, the Net Asset Value and the Net Asset Value per Unit were as follows:

Name	Net Asset Value	Net Asset Value per Unit
CICC Bloomberg China Treasury 1-10 Years ETF	RMB 65,359,714.00	RMB 118.8358

Having taken into account the relevant factors including interests of the investors of the Terminating Investment Fund as a whole, the current relatively small Net Asset Value of the Terminating Investment Fund, the Manager is of the view that the proposed termination of the Terminating Investment Fund would be in the best interests of the investors of the Terminating Investment Fund.

Therefore, the Manager has, by means of a resolution of the board of directors of the Manager dated 15 September 2023, decided to exercise its power under Clause 35.6(A) of the Trust Deed, to terminate the Terminating Investment Fund on the date on which the Trustee and the Manager form an opinion that the Terminating Investment Fund ceases to have any outstanding 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 Investment Fund pursuant to Clause 35.6(A) of the Trust Deed, 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 35.8 of the Trust Deed, no less than three months' notice is hereby given to the investors, notifying them of the proposed termination of the Terminating Investment Fund. Also, as required under 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 Terminating Investment Fund will cease to track the performance of the Index, and cease trading, from the Trading Cessation Date.

## 1.2 The proposed cessation of trading

The Manager will apply to the SEHK to have the Units cease trading on the SEHK with effect from 20 February 2024 (Tuesday), the Trading Cessation Date and thus, 19 February 2024 (Monday) 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. The Manager will aim to realise all of the assets of the Terminating Investment Fund effective from the Trading Cessation Date. No additional cost would be involved in such realisation of the assets of the Terminating Investment Fund as compared to the costs associated with the normal realisation of assets in the Terminating Investment Fund.

For the avoidance of doubt, 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 from the date of this Announcement and Notice.

Investors should note that they cannot create and redeem Units directly from the Terminating Investment 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 Investment Fund**

After realisation of all the assets of the Terminating Investment Fund (as described in section 1.2 above and subject to section 2.4 below), the Terminating Investment Fund will mainly hold cash, primarily consisting of the proceeds from the realisation of the assets of the Terminating Investment Fund. Following this, from the Trading Cessation Date, the Terminating Investment Fund will cease to track its Index, and will not be able to meet its investment objective of tracking the performance of its 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 inclusive of 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 Terminating Investment 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 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 stamp duty will be imposed on any sale or purchase of the Units on the SEHK.

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

Relevant Investors (as defined below) 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 Investment Fund during the period from the Trading Cessation Date up until the date on which they cease to hold their Units.

### **2.2 Distribution**

For Relevant Investors who are still holding Units after the Last Trading Day, the Manager will, after consulting the Trustee and the Terminating Investment Fund’s auditor, declare a final distribution of assets (the “**Distribution**”) in respect of those investors who remain invested in the Terminating Investment Fund as at the Distribution Record Date (“**Relevant Investors**”). Such Distribution is expected to be made on or around 7 March 2024 (Thursday).

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

The Distribution payable to each Relevant Investor is expected to be paid on or around 7 March 2024 (Thursday) to the accounts of its financial intermediary or stockbroker maintained with CCASS as at the Distribution Record Date. The Manager will issue a further announcement to inform the Relevant Investors of the exact day of payment of the Distribution, together with the amount of Distribution per Unit in respect of the Terminating Investment Fund in due course.

### **2.3 Further Distribution**

The Manager does not expect or anticipate there will be a further distribution after the Distribution. However, in the unlikely event there is a further distribution after the 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. 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 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 or otherwise deciding on any course of actions to be taken in relation to their Units.**

### **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 Distribution (and further distribution, if any), on the date on which the Manager and the Trustee form an opinion that the Terminating Investment Fund ceases to have any outstanding contingent or actual assets or liabilities, the Trustee and Manager will commence the completion of terminating the Terminating Investment Fund.

During the period from the Trading Cessation Date until the Termination Date, the Terminating Investment Fund will still maintain its listing status with the SEHK and remain SFC authorised, although the Terminating Investment Fund will no longer be marketed or offered to the public and will be operated only in a limited manner as there will not be any trading of Units and the Terminating Investment Fund will have no investment activities from the Trading Cessation Date onwards.

The deauthorisation and delisting of the Terminating Investment Fund will take place either on the Termination Date or immediately after the Termination Date, subject to the SFC's and the 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 as the deauthorisation.

The proposed termination, deauthorisation 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 other liabilities of the Terminating Investment Fund, as well as the final respective approvals by the SFC and the SEHK.

Following deauthorisation, the Terminating Investment Fund will no longer be regulated by the SFC and will not be available for public distribution in Hong Kong. Any product documentation for the Terminating Investment Fund previously issued to investors, including the Prospectus and any KFS in respect of the Terminating Investment 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 Investment Fund to the public in Hong Kong as this may be in breach of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## 2.5 Important dates

Subject to the SFC's and the SEHK's 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 Investment Fund will be as follows:

Dispatch of Announcement and Notice	After market close on 10 November 2023 (Friday)
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	13 November 2023 (Monday)
Last day for dealings in the Units on the SEHK and last day for creation by Participating Dealers for market making activities and redemption of Units in the primary market through a Participating Dealer (the " <b>Last Trading Day</b> ")	19 February 2024 (Monday)
Dealings in the Units on the SEHK cease and no further creation and redemption of Units 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 Investment Fund and the Terminating Investment Fund will cease to be able to track its Index and will no longer be marketed or offered to the public in Hong Kong	20 February 2024 (Tuesday)
Record date for determining the eligibility of entitlement of investors for the Distribution and further distribution, if any (the " <b>Distribution Record Date</b> ")	By close of business on 28 February 2024 (Wednesday)
The date as at which the Manager will, after having consulted the Trustee and the Terminating Investment Fund's auditor, declare the Distribution amount per Unit and dispatch the announcement on the Distribution	On or around 29 February 2024 (Thursday)
Distribution, after the Manager having consulted with the Trustee and the Terminating Investment Fund's auditor, will be paid to the Relevant Investors (the " <b>Distribution Date</b> ")	On or around 7 March 2024 (Thursday)
Termination of the Terminating Investment Fund (the	Expected to be 21 March

“Termination Date”)	2024 (Thursday), when the Manager and the Trustee form an opinion that the Terminating Investment Fund ceases to have any outstanding contingent or actual assets or liabilities
Deauthorisation and delisting of the Terminating Investment Fund	<p>On or shortly after the Termination Date, which is the date when the SFC and SEHK approve the deauthorisation and delisting respectively</p> <p>The Manager expects that the deauthorisation and delisting will take place either on or immediately after the Termination Date</p>

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 investors of the Distribution Date, and further distribution date (if any); and
- (on or shortly before the Termination Date) an announcement to inform investors of the Termination Date, and the dates for the deauthorisation and delisting of the Terminating Investment 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 will cease trading effective from the Trading Cessation Date, because of certain outstanding actual or contingent assets or liabilities in relation to the Terminating Investment Fund, the Terminating Investment Fund will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Terminating Investment Fund will maintain its SFC authorisation status and its SEHK listed status, until the completion of the proposed termination, deauthorisation and delisting.

Given the Terminating Investment 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 Investment Fund will continue to maintain its SFC authorisation status without strictly complying with certain provisions of the Code for the period from the Trading Cessation Date to the Deauthorisation Date, provided that the specific conditions and requirements imposed by the SFC



are met.

Such conditions and requirements are described in sections 3.2 to 3.5 below.

### **3.2 Publication of the suspension of dealing**

Under 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 Investment Fund without strict compliance with 10.7 of the Code 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 Manager's website: <https://cicchkam.com><sup>1</sup> from the Trading Cessation Date until the Deauthorisation Date to notify investors that the Units have ceased trading on the SEHK from 20 February 2024 (Tuesday), and draw investors' attention to this Announcement and Notice, the subsequent reminder announcements and all other relevant announcements.

As the Terminating Investment Fund will maintain its listing status with the SEHK after 19 February 2024 (Monday) (i.e. the Last Trading Day) until the Delisting Date, investors may continue to access further announcements in relation to the Terminating Investment Fund via the HKEX's website and the Manager's website: <https://cicchkam.com><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 Net Asset Value per Unit (updated at least every 15 seconds during trading hours) and last Net Asset Value per Unit and last Net Asset Value of the Terminating Investment Fund (updated on a daily basis) on the Manager's website: <https://cicchkam.com><sup>1</sup> or such other channels as the SFC considers appropriate.

The Manager will continue to manage the Terminating Investment 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 Deauthorisation Date), subject to the following conditions and requirements imposed by the SFC which the Manager has undertaken to meet:

- (A) the Net Asset Value per Unit as at 19 February 2024 (Monday) (i.e. the Last Trading Day), which will be the latest Net Asset Value per Unit, will be published on the Manager's website: <https://cicchkam.com><sup>1</sup>; and
- (B) the Manager shall update the latest available Net Asset Value per Unit on the Manager's website: <https://cicchkam.com><sup>1</sup> as soon as practicable should there be any other change to the Net Asset Value of the Terminating Investment Fund, including but not limited to changes arising from (i) the Distribution (please see further in section 2.2 above); (ii) any further distribution (if any); (iii) any change in market value of any interest receivable by the Terminating Investment Fund; and (iv) any deduction of transaction costs or taxes relating to the realisation of assets of the Terminating Investment Fund.

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

Under 6.1 and 11.1B of the Code, the Prospectus and the KFS in respect of the Terminating

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<sup>1</sup> This website has not been reviewed or approved by the SFC.

Investment Fund must be up-to-date and must be updated to incorporate any relevant changes to the Terminating Investment Fund.

The Manager will continue to manage the Terminating Investment Fund without updating the Prospectus and the KFS in respect of the Terminating Investment Fund as required under 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 which the Manager has undertaken to meet:

- (A) the Manager will promptly notify investors of any changes to the Terminating Investment Fund or to the Prospectus or the KFS of the Terminating Investment Fund by means of publishing further announcement(s) on the Manager's website: <https://cicchkam.com><sup>1</sup> and the HKEX's website (each, a "**Relevant Future Announcement**"); and
- (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 Investment Fund, and any other Relevant Future Announcement(s).

The Prospectus will be updated as soon as reasonably practicable after the Deauthorisation Date to reflect the withdrawal of authorisation of the Terminating Investment 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 Investment Fund.

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

Under 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 Investment 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 2023, in order to minimise the operational costs, the Manager will rely on explanatory note (2) to 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 Investment Fund covering the period from 1 January 2023 to the Termination Date (i.e. expected to be 21 March 2024) (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 Investment Fund by way of an announcement on the Manager's website: <https://cicchkam.com><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 2023 (i.e. on or before 30 April 2024) 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 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 Investment 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 on or before the Last Trading Day.

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

All creation and redemption of Units 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 Ongoing charges of the Terminating Investment Fund**

The ongoing charges of the Terminating Investment Fund over a year are 0.35%.

The ongoing charges figure above is an annualised figure based on expenses for the six-months ended 30 June 2023 of the Terminating Investment Fund, expressed as a percentage of the Terminating Investment Fund's average Net Asset Value over the same period.

The Manager does not expect that the termination of the Terminating Investment Fund and the unamortised establishment cost 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 Terminating Investment Fund (which are to be borne by the Terminating Investment Fund): (i) transaction costs and (ii) any taxes relating to the liquidation of assets of the Terminating Investment Fund.

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

The Manager will bear all costs and expenses associated with the termination, deauthorisation and delisting of the Terminating Investment Fund (other than transaction costs and any taxes relating to the realisation of assets of the Terminating Investment 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 and the Trustee will continue to charge the Trustee's fee up to and including the Trading Cessation Date.

### **5.5 Unamortised Establishment Cost**

As disclosed in the Prospectus, the establishment costs of the Trust and the Terminating

Investment Fund are estimated to be HKD550,000 and will be borne by the Terminating Investment Fund, and the establishment costs will be amortised over the first 5 financial years of the Terminating Investment Fund (the “**Amortisation Period**”).

The actual establishment costs encountered by the Terminating Investment Fund are HKD 550,000 and are being amortised over the Amortisation Period. As at 8 November 2023, approximately RMB 474,175.82 of the establishment costs have been amortised. The unamortised establishment costs, which amounted to approximately RMB 14,000.73 as at 8 November 2023, will continue to be borne by the Terminating Investment Fund and will be amortised (based on daily amortisation) up to 31 December 2023, being the last day of the Terminating Investment Fund’s first 5 financial years.

Save for the unamortised establishment costs, the Terminating Investment Fund does not have any contingent liabilities (such as outstanding litigation) as at the date of this Announcement and Notice.

## **6. Other matters**

### **6.1 Other implications of the proposed cessation of trading of Units on the SEHK, the proposed termination, deauthorisation and delisting of the Terminating Investment Fund from the SEHK**

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

*Liquidity risk* – Trading of Units 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* – Units may trade at a discount or premium of their Net Asset Value. Although up to (and including) the Last Trading Day, the market makers will continue to perform its market making functions in respect of the Terminating Investment Fund in accordance with the Trading Rules of the SEHK, Units 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 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 may trade at a premium and consequently the divergence between the supply of and demand for the Units may be larger than usual. In particular, should there be a large demand for such Units before the Trading Cessation Date, the market maker 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. Following this, the price volatility of the Units may be higher than usual from the date of this Announcement and Notice through the Last Trading Day;

*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 Investment Fund may drop drastically before the Last Trading Day. This may impair the Manager’s ability to fulfill the investment objective of the Terminating Investment Fund and result in significant tracking error. In the extreme situation where the size of the Terminating Investment Fund becomes so small that the Manager considers that it is not in the best interest of the Terminating Investment Fund to continue to invest in the market, the Manager may decide to convert the whole or part of the investments of the Terminating Investment Fund into cash or deposits in order to protect the interest of the investors of the Terminating Investment 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 Index risk* – All assets of the Terminating Investment Fund will be liquidated with effect from the Trading Cessation Date. Thereafter, the entirety of the Terminating Investment Fund's assets will be cash and the Terminating Investment Fund will operate in a limited manner. Following this, from the Trading Cessation Date, the Terminating Investment Fund will cease to track its Index, and will not be able to meet its investment objective of tracking the performance of its Index; and

*Delay in distribution risk* – The Manager will aim to realise all of the assets of all the Terminating Investment Fund and then proceed with the Distribution and further distribution (if any) as soon as practicable. However, the Manager may not be able to realise all the assets of the Terminating Investment Fund in a timely manner during certain periods of time, for example, when the 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 the Distribution and further distribution (if any) to the Relevant Investors may be delayed.

*RMB distributions risk* – Relevant Investors should note that all Units will receive distributions in the base currency (RMB) only. In the event that the Relevant Investor has no RMB account, the Relevant Investor may have to bear the fees and charges associated with the conversion of such distribution from RMB to HKD. The Relevant Investor may also have to bear bank or financial institution fees and charges associated with the handling of the distribution payment. Relevant Investors are advised to check with their brokers regarding arrangements for distributions.

Investor attention is also drawn to the risks disclosed in the Prospectus of the Terminating Investment 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 Investment Fund is collective investment scheme authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), profits of the Terminating Investment Fund derived from realisation of its assets in Hong Kong are exempt from Hong Kong profits tax. Notwithstanding that profits of the Terminating Investment Fund derived from realisation of its assets are exempt from Hong Kong profits tax, the Terminating Investment Fund may be subject to tax in certain jurisdictions where investments are made, on income or capital gains derived from such investments.

No tax is expected to be payable by Relevant Investors in Hong Kong in respect of the Distribution or further distributions (if any) to the extent of distribution of profits and/or capital of the Terminating Investment Fund. For investors carrying on a trade, profession or business in Hong Kong, profits derived in redemption or disposal of Units 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 are revenue assets of the investors.

### *PRC tax*

#### Interest income

Under the PRC Corporate Income Tax Law and regulations, interest derived from government

bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council shall be exempt from Mainland China income tax.

Pursuant to Caishui [2016] No. 36, starting from 1 May 2016, interest income from Mainland China bond issuers should technically be subject to 6% value-added tax. Interest income received from PRC State government bonds and Mainland China local government bonds are exempted from value-added tax.

### Capital gains

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 from the Terminating Investment Fund's disposal of debt instruments issued by Mainland China issuers.

Investors' attention is drawn to the sub-section entitled "Mainland China Tax Implications" in the Appendix 1 – CICC Bloomberg China Treasury 1-10 Years ETF of the Prospectus for information about the PRC tax obligations of the Terminating Investment Fund.

Investors should consult their professional tax advisers for tax advice.

### **6.3 Connected party transaction**

China International Capital Corporation Hong Kong Securities Limited ("**CICC Securities**"), which is a Connected Person of the Manager, currently acts as one of the Participating Dealers of the Terminating Investment Fund. As at 8 November 2023, CICC Securities held 200 Units, which is approximately 0.04% of the Net Asset Value of the Terminating Investment Fund.

As at 8 November 2023, a discretionary account managed by the Manager on behalf of an affiliate owns 500,000 Units which is approximately 90.91% of the Net Asset Value of the Terminating Investment Fund.

The above Connected Persons may decide to dispose of all or part of their Units, either by selling the Units on the SEHK or by redeeming the Units in the primary market, after being informed of the proposal to terminate the Terminating Investment Fund via this Announcement and Notice. Any such disposal of Units may reduce the size of the Terminating Investment Fund and impair the Manager's ability to fulfil the investment objectives of the Terminating Investment 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.

Other than disclosed above, no other Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Terminating Investment Fund, nor hold any interest in the Terminating Investment Fund.

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

Copies of the following documents are available for inspection free of charge upon request at the Manager's office (see section 8 below) during normal business hours:

- the Trust Deed;
- the Participating Dealer Agreements;
- the Service Agreements;
- the latest annual and semi-annual reports of the Trust and Terminating Investment Fund

(if any);

- the Prospectus; and
- the KFS of the Terminating Investment Fund.

Copies of the Trust Deed, Participating Dealer Agreements and Service Agreements may be obtained from the Manager at a fee of HKD150 per set of copy documents. Copies of the annual and the semi-annual reports, the Prospectus and the KFS of the Terminating Investment Fund are available from the Manager free of charge.

## **8. Enquiries**

If you have any questions 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 2872-2000 or visiting the Manager in person at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong during normal business hours (except Hong Kong statutory holidays), or visiting the Manager's website: <https://cicchkam.com><sup>2</sup>.

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.

**China International Capital Corporation Hong Kong Asset Management Limited**  
as Manager of the Terminating Investment Fund

10 November 2023

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<sup>2</sup> The website has not been reviewed by the SFC.