

**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 FUNDS NAMED BELOW**

*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 professional adviser.*

*If you have sold or transferred all your units in ChinaAMC Hong Kong Banks 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 (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.

China Asset Management (Hong Kong) 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 Sub-Fund (as defined below) nor does it guarantee the commercial merits of the Trust and the Sub-Fund or their performance. It does not mean the Trust and the Sub-Fund are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

## **ChinaAMC Global ETF Series II** (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*

## **ChinaAMC Hong Kong Banks ETF** Stock Code: 3143 (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 AND OTHER MATTERS**

Terms not defined in this Announcement and Notice will have the meanings as are given in the prospectus of the Trust and the Sub-Fund, dated August 2023 (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 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 16 February 2024 (the “Trading Cessation Date”) to the date of deauthorisation of Sub-Fund (the “Deauthorisation Date”). In particular, investors should note that:

- Taking into account relevant factors, including, in particular, the relatively small Net Asset Value of the Sub-Fund, the Manager has by means of resolution of the board of directors dated 31 October 2023 decided to exercise its power under Trust Deed to terminate the Sub-Fund with effect from the Termination Date (as explained below);
- the Last Trading Day (as defined in section 2.4) of the Units will be 15 February 2024;
- the Units will cease trading on the Trading Cessation Date, 16 February 2024;
- the Manager, after having consulted the Trustee and the Sub-Fund’s auditors, will realise all of the assets of the Sub-Fund 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, and the Sub-Fund will therefore cease to track the NASDAQ Hong Kong Banks™ Index (the “Index”) and will not be able to meet its investment objective of tracking the performance of the Index; (iii) the Sub-Fund will no longer be marketed or offered to the public; (iv) the Sub-Fund will mainly hold cash; and (v) the Sub-Fund will only be operated in a limited manner;
- the Manager will declare a Distribution to the investors who remain so as at 20 February 2024 (i.e. “Distribution Record Date”). The Distribution is expected to be payable on or around 7 March 2024 (i.e. “Distribution Date”). The amount of Distribution will equal the total net assets of the Sub-Fund as at 20 February 2024, which will exclude any taxes payable and any expenses payable;
- when the Trustee and the Manager form an opinion that the Sub-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 Sub-Fund (i.e. the “Termination Date”). The Manager expects the Termination Date will be on or around 15 March 2024. The Manager will publish an announcement on or around the Termination Date about the termination, deauthorisation and delisting;
- from the Trading Cessation Date until the Termination Date, the Manager will maintain the Sub-Fund’s authorisation by the SFC and listing on the SEHK. Subject to the SEHK’s approval, delisting should 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; and
- investors should pay attention to the risk factors set out in section 5.1 below. 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 any Units and inform them of the contents of this Announcement and Notice as soon as possible;
- assist those clients who want to dispose of any Units 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.

**Any product documents of the Sub-Fund should be retained by the investors for personal use only and not for public circulation. 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 7 below).**

## **1. Termination, cessation of trading and realisation of assets**

### **1.1 Termination**

Pursuant to Clause 35.6(A) of the Amended and Restated Trust Deed dated 28 May 2021 as amended and supplemented from time to time (the “**Trust Deed**”), one or more sub-funds may be terminated by the Manager in its absolute discretion by notice in writing in the event that after one year from the date of establishment of the relevant sub-fund, the aggregate Net Asset Value of all the Units in the sub-fund outstanding shall be less than HK\$100,000,000. The Trust Deed does not require investors’ approval for terminating the Sub-Fund on the ground set out in Clause 35.6(A).

As at 31 October 2023, the Net Asset Value and the Net Asset Value per Unit of the Sub-Fund was as follows:

| <b>Sub-Fund</b>                     | <b>Net Asset Value</b> | <b>Net Asset Value per Unit</b> |
|-------------------------------------|------------------------|---------------------------------|
| <b>ChinaAMC Hong Kong Banks ETF</b> | HK\$ 63,478,288.80     | HK\$ 6.1037                     |

Having taken into account the relevant factors including the interests of the investors as a whole, 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 has by means of a resolution of the board of directors

of the Manager, decided to exercise its power under Clause 35.6(A) of the Trust Deed 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 contingent or actual assets or liabilities. The Manager has given written notice to the Trustee notifying the Trustee of its proposal to terminate the Sub-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 investors, notifying them of the proposed termination of the Sub-Fund. Also, as required under Chapter 11.1A and 11.2 of the Code, no less than one month's notice is hereby given to investors, notifying them that the Sub-Fund will cease to track its Index, and cease trading, from the Trading Cessation Date.

## **1.2 Proposed cessation of trading**

The Manager will apply to SEHK to have the Units cease trading on the SEHK with effect from 16 February 2024, i.e. the Trading Cessation Date. The Manager will aim to realise all of the assets of the Sub-Fund effective from the Trading Cessation Date. The realisation of assets of the Sub-Fund will not incur any additional cost as compared to the costs associated with a normal realisation of investments.

15 February 2024 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 maker 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. 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 realisation of the assets**

After the realisation of the assets of the Sub-Fund, the Sub-Fund will mainly hold cash (primarily consisting of the proceeds from the realisation of the assets of the Sub-Fund). It therefore follows that, from the Trading Cessation Date, the Sub-Fund will cease to track its Index, and will not be able to meet its investment objective of tracking the performance of such Index.

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

### **2.1 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 Manager expects that market maker of the Sub-Fund (the "**Market Maker**") will continue to perform the

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 Financial Reporting Council 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 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 relevant risk factor in section 5.1 below.

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 till the date on which they cease to hold Units.

## 2.2 Distribution(s)

For Relevant Investors (as defined below) who are still holding Units in the Sub-Fund after the Last Trading Day, the Manager will, after consulting the Trustee and the Sub-Fund's auditors, declare a distribution in Hong Kong Dollars (the "**Distribution**") in respect of those investors who remain invested in the Sub-Fund as of the Distribution Record Date (the "**Relevant Investors**"). Such Distribution is expected to be made on or around 7 March 2024 (the "**Distribution Date**").

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 as at the Distribution Record Date relative to the total number of Units still in issue then. 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 exclude any taxes payable and any expenses payable.

The Distribution payable to each Relevant Investor is expected to be paid on or around 7 March 2024, 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 for the Sub-Fund in due course.

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 (e.g. the Sub-Fund is entitled to receive declared dividends in relation to securities held by the Sub-Fund but the Sub-Fund has not yet received such dividends before the Distribution Date), the Manager will issue an announcement informing the Relevant Investors with proposed treatment.

**IMPORTANT NOTE: Investors should consider the risk factors as set out in section 5.1 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 Distribution or 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.**

## 2.3 Between the Trading Cessation Date and Termination Date

Following the realisation of the assets and the Distribution and further distribution (if any), when the Manager and the Trustee are of the opinion that the Sub-Fund ceases to have any contingent or actual assets or liabilities (the “**Termination Date**”), the Manager and the Trustee will commence the completion of termination of the Sub-Fund.

During the period from the Trading Cessation Date until, at the earliest, the Termination Date, although the Sub-Fund will continue to have listing status 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 question 13 of the Frequently Asked Questions on Exchange Traded Funds and Listed Funds (the “**ETF FAQs**”), the Sub-Fund will continue to maintain its authorisation status with the SFC without the need to 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 section 3 below.

The deauthorisation and delisting of the Sub-Fund will take place either on the Termination Date or shortly after the Termination Date, subject to the SFC’s and SEHK’s respective approvals. The Manager expects that delisting will only take place at or around the same time of the deauthorisation.

The proposed termination, deauthorisation and delisting will be subject to the payment of all outstanding fees and expenses (please refer to section 4 below), discharge of all outstanding liabilities of the Sub-Fund, as well as final approvals by the SFC and the SEHK respectively.

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

## 2.4 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  | 1 November 2023 (Wednesday) |
| Last day on which requests for creation by Participating Dealers for market making activities and redemption of Units in the Sub-Fund in the primary market may be accepted | 15 February 2024 (Thursday) |
| Last day for dealings in the Units on the SEHK (the “ <b>Last Trading Day</b> ”)  |                             |
| No further requests for creation and redemption of Units in the primary market will be accepted   | 16 February 2024 (Friday)   |

|   |  |
|---|--|
| <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, and the Sub-Fund will cease to be able to track its Index</p> <p>The date 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> |  |
| <p>Last valuation of the Sub-Fund to be conducted upon realisation of all assets</p> <p>(the “<b>Last Valuation Date</b>”)</p>  | 19 February 2024 (Monday)  |
| <p>Record date for determining the eligibility of entitlement for the Distribution and further distribution, if any</p> <p>(the “<b>Distribution Record Date</b>”)</p>  | By close of business on 20 February 2024 (Tuesday)   |
| <p>Dispatch of announcement on Distribution and the distribution rate per Unit</p>  | On or around 29 February 2024 (Thursday), at least five business days before the Distribution Date |
| <p>Distribution, after the Manager having consulted the Trustee and the Sub-Fund’s auditors, will be paid to the investors who are still holding Units as at the Distribution Record Date</p> <p>(the “<b>Distribution Date</b>”)</p>   | On or around 7 March 2024 (Thursday)   |
| <p>Termination of the Sub-Fund when the assets of the Sub-Fund have been fully realized with the proceeds therefrom distributed and the Manager and the Trustee form an opinion that the Sub-Fund ceases to have any contingent or actual assets or liabilities</p> <p>(the “<b>Termination Date</b>”)</p>  | Expected to be 15 March 2024 (Friday)  |
| <p>Deauthorisation and delisting of the Sub-Fund</p> <p>The date of deauthorisation and delisting will be the date which the SFC and SEHK approve the deauthorisation and delisting respectively</p>  | On or shortly after the Termination Date   |

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 Distribution Record Date;
- (ii) (in due course) an announcement to inform the investors of the Distribution Date, and further distribution date (if any); and

- (iii) (on or around the Termination Date) an announcement informing investors about the Termination Date, Deauthorisation Date and the date for the delisting 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.

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

#### **3.1 Background**

As set out in section 2.3 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 Sub-Fund, the Sub-Fund will remain in existence after the Trading Cessation Date until the Termination Date. During such period, the Sub-Fund will remain authorised by the SFC and maintain its SEHK listed status, until the completion of the proposed termination, deauthorisation and delisting.

Pursuant to Chapter 8.6(t) of the Code and question 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 3.

#### **3.2 Updating of the Prospectus and KFS**

Under Chapters 6.1 and 11.1B of the Code, the Prospectus and the Key Facts Statements (“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 and the KFS 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:

- (i) the Manager shall promptly notify investors of any changes to the Sub-Fund or to the Prospectus or the KFS by means of publishing further announcement(s) on the website <http://www.chinaamc.com.hk> (this website has not been reviewed by the SFC) and the HKEX’s website (each, a “Relevant Future Announcement”);
- (ii) the Manager shall ensure that each Relevant Future Announcement shall include a statement to asking investors to read this Announcement and Notice together with the Prospectus, the KFS, and any other Relevant Future Announcement(s); and
- (iii) the Manager shall issue an updated Prospectus to remove all references to the Sub-Fund upon deauthorization of the Sub-Fund.

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

Under Chapter 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 (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 Trust’s website or such other channels as the SFC considers appropriate.



The Manager will continue to manage the Sub-Fund without strict compliance with Chapter 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:

- (i) the Manager shall ensure the Net Asset Value per Unit as of 15 February 2024 (i.e. the Last Trading Day), which will be the latest Net Asset Value per Unit will be published on the website: <http://www.chinaamc.com.hk> (this website has not been reviewed by the SFC); and
- (ii) the Manager shall update the latest available Net Asset Value per Unit on the website <http://www.chinaamc.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, including but not limited to changes arising from (i) the payment of Distribution (please see further in section 2.2 above); (ii) further distribution (if any); (iii) any deduction of (or making provision for) transaction costs or taxes relating to the realisation of the assets of the Sub-Fund; and (iv) any change in market value of the scrip dividend receivable by the Sub-Fund (if any) of the underlying stocks.

### 3.4 Publication of suspension of dealing

Under Chapter 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 Sub-Fund without strict compliance with Chapter 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 website <http://www.chinaamc.com.hk> (this website has not been reviewed by the SFC) from the Trading Cessation Date to the Deauthorisation Date to notify investors that the Units have ceased trading on SEHK from 16 February 2024 (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 date of delisting, investors may continue to access further announcements in relation to the Sub-Fund via the website <http://www.chinaamc.com.hk> (this website has not been reviewed by the SFC) and HKEX's website during such period.

### 3.5 Preparing of annual report covering the Termination Audit Period

Under Chapter 11.6 of the Code, the Manager is required to publish and distribute annual reports containing the information required in Appendix E of the Code to investors within four months of the end of the covered period (i.e. from 1 January 2023 to 31 December 2023). With a view to minimising operational cost, the Manager will rely on Note (2) to Chapter 11.6 of the Code which permits extension of reporting period for the annual report in the case of fund termination. Accordingly, to the extent that the Termination Date falls within the first four months after the covered period, the Manager will issue an audited annual report of the Sub-Fund covering an extended reporting period from 1 January 2023 to the Termination Date (the "**Termination Audit Period**") which shall be published on the Manager's website as soon as practicable and in any event no later than four months after the Termination Date.

The Manager will publish the annual report as follows:

- (i) 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, other applicable laws and regulations.
- (ii) The Manager shall notify the investors by way of an announcement on its website and the HKEX’s website on or before 15 March 2024 (i.e. the Termination Date) of, among other things: (a) when the Termination Audit Report will be published; (b) the start and end dates of the Termination Audit Period; and (c) where the Termination Audit Report, in printed and electronic forms, can be obtained.

The Manager considers that the investors’ interests will not be prejudiced by the above arrangement.

### **3.6 Other related matter**

The Manager confirms that, save for the particular provisions of the Code set out in sections 3.2 to 3.5 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.

## **4. Costs**

### **4.1 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.

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

All creations and redemptions 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.

### **4.3 Ongoing charges of the Sub-Fund**

The ongoing charges over a year as disclosed in the KFS for the Sub-Fund is 0.45%\*.

*\* The ongoing charges figure is based on expenses for the year ended 31 December 2022. It represents the sum of ongoing expenses chargeable to the Sub-Fund expressed as a percentage of the Sub-Fund’s average Net Asset Value over the same period.*

The Manager does not expect that the termination of the Sub-Fund will impact the figures disclosed above for ongoing charges. The ongoing charges figure shown above is calculated in accordance with the guidance under the relevant SFC circular.

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

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

The Manager will bear all costs and expenses associated with the termination, deauthorisation and delisting of the Sub-Fund (other than normal operating expenses such

as transaction costs and any taxes relating to realising of assets of the Sub-Fund), such as audit fee in relation to the Termination Audit Report, from the date of this Announcement and Notice until and including the Termination Date.

The Manager will waive its entitlement to the Management Fee from the date of this Announcement and Notice until the Termination Date. During this period the Manager will pay from its own assets all of the fees and expenses (including the fees of the Trustee and other service providers to the Sub-Fund) that were previously paid by the Manager from the Management Fee.

#### **4.5 Unamortised preliminary expenses**

The Sub-Fund does not have any unamortised preliminary expenses or contingent liabilities as at the date of this Announcement and Notice.

### **5. Other matters**

#### **5.1 Other implications of the proposed cessation of trading, the proposed termination, deauthorisation and delisting**

In consequence of this Announcement and Notice and the proposed cessation of trading of the Units on the SEHK, proposed termination and proposed deauthorisation of the Sub-Fund and the proposed delisting of the Sub-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 Maker's inefficiency risk* – The Units may trade at a discount or premium of the Net Asset Value per Unit. Although the Manager expects that, up to (and including) the Last Trading Day, the Market Maker will continue to perform the 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 the Net Asset Value per Unit in extreme market situations. This is because many investors may want to sell their Units after this Announcement and Notice 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 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. 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* – 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 objectives 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 the 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 Index risk* – All assets of the Sub-Fund, to the extent possible, will be realised 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 Index, and will not be able to meet its investment objective of tracking the performance of such Index; and

*Delay in distribution risk* – The Manager will aim to realise all of the assets of the Sub-Fund and 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 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 Distribution or further distribution (if any) may be delayed.

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

## **5.2 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 collective investment scheme authorised under Section 104 of the SFO, profits of the Sub-Fund derived from realisation of its assets are exempt from Hong Kong profits tax. Notwithstanding that profit of the Sub-Fund derived from realisation of its assets are exempt 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.

The Distribution or further distribution (if any) (to the extent such amount represents distribution of profits and/or capital of the Sub-Fund) should generally not be subject to Hong Kong profits tax by 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.

## **5.3 Connected party transaction**

Other than as disclosed in the Prospectus, as at the date of this Announcement and Notice, none of the Connected Persons of the Manager and/or the Trustee are party to any transaction in relation to the Sub-Fund, nor hold any interest in the Sub-Fund.

## **6. 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 7 below) during normal business hours:

- (i) the Trust Deed;
- (ii) the Service Agreements;
- (iii) the Participation Agreements;

- (iv) the most recent annual report and accounts of the Trust and the Sub-Fund and the most recent interim report of the Trust and the Sub-Fund; and
- (v) the Prospectus and the KFS.

Copies of the above documents may be obtained from the Manager at a cost of HK\$150 per set of copy documents (other than the financial statements, the Prospectus and the KFS which may be obtained free of charge).

## **7. 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 at 37th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong or enquiry hotline at (852) 3406 8686 during office hours, or visiting the Manager's website <http://www.chinaamc.com.hk> (this website has not been reviewed by the SFC).

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 Asset Management (Hong Kong) Limited**  
as Manager of the Trust and the Sub-Fund

**1 November 2023**