

**IMPORTANT: This document is important and requires your immediate attention. If you are in any doubt about the contents of this Announcement, you should consult your stockbroker, bank manager, solicitor or accountant or other financial adviser for independent professional financial advice.**

Investment involves risks which may result in significant loss as there is no guarantee on investment returns.

The Securities and Futures Commission ("**SFC**") takes no responsibility for the contents of this Announcement, makes 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.

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.

China International Capital Corporation Hong Kong Asset Management Limited, the manager of the Trust and the Sub-Fund (the "**Manager**") accepts full responsibility for the accuracy of the information contained in this Announcement and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no other facts the omission of which would make any statement misleading.

## **CICC Fund Series (the "Trust")**

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

### **CICC China Equity Fund (the "Sub-Fund")**

#### **NOTICE TO UNITHOLDERS**

#### **Termination of the Sub-Fund**

The Manager wishes to inform the Unitholders that it has decided to terminate the Sub-Fund, and shall proceed to do so after the Trustee and the Manager have formed an opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets or liabilities, which is expected to be on or around 21 February 2025 (the "**Termination Date**"). An application will also be made to the SFC for the withdrawal of authorization of the Sub-Fund, together with its offering documents, after such termination.

Terms not defined in this notice will have the meanings as are given to such terms in the Prospectus of the Trust and the Sub-Fund dated 9 September 2024, as amended and supplemented from time to time (the "**Prospectus**").

#### **A. Reason for termination**

According to Clause 35.6(A) of the amended and restated Trust Deed of the Trust dated 12 November 2019 (as amended, the "**Trust Deed**"), the Sub-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 Sub-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 Sub-Fund). According to the Trust Deed, Unitholders' approval shall not be required for terminating the Sub-Fund on the ground set out under Clause 35.6(A) of the Trust Deed.

As at 13 November 2024, the Net Asset Value of the Sub-Fund was HKD 66,391,579.73. Taking into account the relatively small Net Asset Value, the Manager considers that the Sub-Fund will no longer be commercially viable and can no longer be operated in an

economically efficient manner, and has decided to exercise its power under Clause 35.6(A) of the Trust Deed to seek termination 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.

The Trustee has been consulted and has no objection to the proposed termination of the Sub-Fund.

## **B. Implications of termination**

The Sub-Fund is no longer allowed to be marketed to the public in Hong Kong and shall not accept new subscriptions from investors with effect from the date of the notice.

Switching and redemption from the Sub-Fund will cease after the Dealing Deadline (as defined below).

## **C. Alternatives available to you as the Unitholder of the Sub-Fund**

### Free redemption

You may redeem your Units in the Sub-Fund on a Dealing Day from the date of this notice until 4:00 p.m. (Hong Kong time) on 14 February 2025 (the “**Dealing Deadline**”) free of any redemption fee as per usual practice. It is intended that the redemption proceeds will be paid as soon as practicable but in any event within one calendar month of the later of (i) the relevant Dealing Day and (ii) the day on which the Trustee/Registrar receives the duly completed Form of Redemption Request. Redemption of Units and payment of redemption proceeds will be subject to procedures as set out in the Prospectus.

### Distribution of cash proceeds after the Dealing Deadline

If you choose to take no action and remain in the Sub-Fund after the Dealing Deadline, the following arrangements will apply.

From the Last Dealing Day (i.e. the day of the Dealing Deadline) onwards, the Manager will start to realise the underlying investments of the Sub-Fund, and the Sub-Fund will mainly hold cash. Therefore, from the Last Dealing Day onwards, the Sub-Fund will not be able to meet its investment objective and policy.

On the Termination Date, all Units in the Sub-Fund remaining in issue will be compulsorily redeemed and proceeds will be distributed to you in proportion to your holdings of those Units in the Sub-Fund as at the Termination Date. Such redemption proceeds will be paid as soon as practicable but in any event within one calendar month of the Termination Date.

## **D. Costs**

### Ongoing charges of the Sub-Fund

As of 31 December 2023, the ongoing charges of the Sub-Fund over a year are 2.40%.

The ongoing charges figure above is based on expenses for the year ended 31 December 2023 of 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 and the unamortised establishment cost (set out below) 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) transaction costs and (ii) any taxes relating to the liquidation of assets of the Sub-Fund.

#### Costs and expenses of termination

The Manager will bear all costs and expenses associated with the termination and withdrawal of authorisation of the Sub-Fund (other than transaction costs and any taxes relating to the realisation of assets of the Sub-Fund) from the date of this 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 Last Dealing Day.

#### Unamortised establishment costs

As disclosed in the Prospectus, the establishment costs of the Sub-Fund are estimated to be HKD 400,000 and will be borne by the Sub-Fund, and the establishment costs will be amortised over the first 5 financial years of the Sub-Fund (the "**Amortisation Period**").

The actual establishment costs encountered by the Sub-Fund are HKD 304,040.39 and are being amortised over the Amortisation Period. As at 13 November 2024, approximately HKD 166,977.34 of the establishment costs have been amortised. The unamortised establishment costs, which amounted to approximately HKD 137,063.05 as at 13 November 2024, will continue to be borne by the Sub-Fund and will be amortised (based on daily amortisation) up to the Last Dealing Day and the Manager will bear any remaining unamortised establishment costs.

Save for the unamortised establishment costs, the Sub-Fund does not have any contingent liabilities (such as outstanding litigation) as at the date of this notice.

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

Under Chapter 11.6 of the SFC's Code on Unit Trusts and Mutual Funds (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 Sub-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 2024, in order to minimise the operational costs, the Manager will rely on explanatory note (2) to Chapter 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 financial year ending on 31 December 2024 with the termination audit of the Sub-Fund covering the period from 1 January 2024 to the Termination Date (i.e. expected to be 21 February 2025) (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 Chapter 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 Sub-Fund who hold Units in the Sub-Fund as at the Termination Date by way of a notice on the Manager's website

(<https://cicchkam.com><sup>1</sup>) on or before the original due date for issuance of the annual report for the year ended 31 December 2024 (i.e. on or before 30 April 2025) of 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 Unitholders as soon as practicable and in any event no later than 4 months after the Termination Date, and published on the Manager's website for a period of at least one year 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 Chapter 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 and other applicable laws and regulations in respect of the Sub-Fund.

## **F. Tax implications**

### Hong Kong tax

Based on the Manager's understanding of the law and practice in force at the date of this notice, as the Sub-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 Sub-Fund derived from realisation of its assets in Hong Kong are exempt from Hong Kong profits tax. Notwithstanding that profits 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.

No tax is expected to be payable by Unitholders in Hong Kong who remain in the Sub-Fund after the Dealing Deadline in respect of the termination proceeds. 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.

Investors should consult their professional tax advisers for tax advice.

### PRC tax

Based on professional and independent tax advice, the Sub-Fund has not made any withholding corporate income tax provision on the gross realized or unrealized capital gains derived from the trading of China A-Shares (via the Stock Connect and/or indirectly by way of funded swap transactions or access products (e.g. CAAPs) or funds investing in China A-Shares), given that, according to Circular Caishui [2014] No.81 and Circular Caishui [2016] No.127, Hong Kong and overseas investors are temporarily exempt from Mainland China withholding income tax on the gains from trading China A-Shares via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

Investors' attention is drawn to the sub-section entitled "Mainland China Tax Implications" in Appendix 5: CICC China Equity Fund of the Prospectus for information about the PRC tax obligations of the Sub-Fund.

## **G. Documents available for inspection**

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<sup>1</sup> The website has not been reviewed by the SFC.

Copies of the Trust Deed, the Prospectus, the KFS of the Sub-Fund, and the latest annual and semi-annual reports of the Trust and Sub-Fund (if any) are available for inspection free of charge upon request at the Manager's office (see section "H. Enquiries" below) during normal business hours.

Copies of the Trust Deed may also 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 Sub-Fund are available from the Manager free of charge.

## **H. Enquiries**

If you have any questions in relation to the contents of this 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 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 Trust and the Sub-Fund

14 November 2024

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