PRODUCT KEY FACTS

ChinaAMC Select Fund -

ChinaAMC Select RMB Investment Grade Income Fund (the "Sub-Fund")

April 2023

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of ChinaAMC Select Fund ("Explanatory Memorandum").***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Fund Manager	China Asset Management (Hong Kong) Limited (the "**Manager**")
Trustee:	BOCI-Prudential Trustee Limited
Custodian:	Bank of China (Hong Kong) Limited
Base currency:	RMB
Financial year end of the Sub-Fund:	31 December
Dealing frequency:	Daily
Dividend policy:	<u>Distributing Units</u> Currently quarterly, subject to the discretion of the Manager. Distributions may be paid out of capital or effectively paid out of capital, which will result in an immediate reduction of the net asset value per Unit. <u>Accumulating Units</u> No dividends will be declared or distributed. All interest and other income earned on the investment will be accumulated and re-invested into the Sub-Fund on behalf of Unitholders of the Classes of accumulating Units.
Ongoing charges over a year:	Class A RMB Units (ACC/DIST): 1.19%# Class A USD Units (ACC): 1.19%^ Class A USD Units (DIST): 1.19%# Class A HKD Units (ACC): 1.18%# Class A HKD Units (DIST): 1.19%# Class A USD (Hedged) Units (ACC/DIST): 1.19%#

	Class A HKD (Hedged) Units (ACC/DIST): 1.18%[#] Class I RMB Units (ACC): 0.83%[#] Class I RMB Units (DIST): 0.83%^ Class I USD Units (ACC/DIST): 0.70%^ Class I HKD Units (ACC/DIST): 0.70%^ Class I USD (Hedged) Units (ACC): 0.84%[#] Class I USD (Hedged) Units (DIST): 0.84%^ Class I HKD (Hedged) Units (ACC/DIST): 0.84%^ ^ As the unit class has not yet been launched or has been fully redeemed as of 31 December 2022, the figure is an estimate only and represents the sum of the estimated ongoing expenses chargeable to the relevant unit class expressed as a percentage of the estimated average net asset value of the relevant unit class. The actual figure may be different upon actual operation of the Sub-Fund and may vary from year to year. [#] The ongoing charges figure is based on annualized expenses for the year ended 31 December 2022. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the relevant unit class expressed as a percentage of the average net asset value of the relevant unit class.
Minimum investment:	Class A RMB Units (ACC/DIST): RMB 10,000 initial, RMB 10,000 additional Class A USD Units (ACC/DIST): USD 1,000 initial, USD 1,000 additional Class A HKD Units (ACC/DIST): HKD 10,000 initial, HKD 10,000 additional Class A USD (Hedged) Units (ACC/DIST): USD 1,000 initial, USD 1,000 additional Class A HKD (Hedged) Units (ACC/DIST): HKD 10,000 initial, HKD 10,000 additional Class I RMB Units (ACC/DIST): RMB 5,000,000 initial, RMB 5,000,000 additional Class I USD Units (ACC/DIST): USD 1,000,000 initial, USD 1,000,000 additional Class I HKD Units (ACC/DIST): HKD 5,000,000 initial, HKD 5,000,000 additional Class I USD (Hedged) Units (ACC/DIST): USD 1,000,000 initial, USD 1,000,000 additional Class I HKD (Hedged) Units (ACC/DIST): HKD 5,000,000 initial, HKD 5,000,000 additional

Minimum holding:	Class A RMB Units (ACC/DIST): RMB 10,000 Class A USD Units (ACC/DIST): USD 1,000 Class A HKD Units (ACC/DIST): HKD 10,000 Class A USD (Hedged) Units (ACC/DIST): USD 1,000 Class A HKD (Hedged) Units (ACC/DIST): HKD 10,000 Class I RMB Units (ACC/DIST): RMB 5,000,000 Class I USD Units (ACC/DIST): USD 1,000,000 Class I HKD Units (ACC/DIST): HKD 5,000,000 Class I USD (Hedged) Units (ACC/DIST): USD 1,000,000 Class I HKD (Hedged) Units (ACC/DIST): HKD 5,000,000
Minimum redemption:	Class A RMB Units (ACC/DIST): RMB 10,000 Class A USD Units (ACC/DIST): USD 1,000 Class A HKD Units (ACC/DIST): HKD 10,000 Class A USD (Hedged) Units (ACC/DIST): USD 1,000 Class A HKD (Hedged) Units (ACC/DIST): HKD 10,000 Class I RMB Units (ACC/DIST): RMB 100,000 Class I USD Units (ACC/DIST): USD 10,000 Class I HKD Units (ACC/DIST): HKD 100,000 Class I USD (Hedged) Units (ACC/DIST): USD 10,000 Class I HKD (Hedged) Units (ACC/DIST): HKD 100,000

What is this product?

- ChinaAMC Select RMB Investment Grade Income Fund is a sub-fund of ChinaAMC Select Fund, a Hong Kong domiciled umbrella structure unit trust. It is governed by the laws of Hong Kong.

Investment Objective

The Sub-Fund seeks to achieve capital appreciation and income generation by investing primarily (i.e. at least 70% of the Net Asset Value of the Sub-Fund) in a fixed income portfolio with exposure to RMB.

Investment Strategy

The fixed income instruments invested by the Sub-Fund may or may not be denominated and settled in RMB, and the Sub-Fund is not subject to any limitation on the portion of its Net Asset Value directly invested in instruments denominated and settled in RMB. All or substantially all of the Sub-Fund's non-RMB exposure will be hedged to RMB such that the Sub-Fund's exposure to RMB will be at least 70% of its Net Asset Value. The Manager may use cross currency swap, foreign exchange forward or other derivative instruments to hedge the non-RMB instruments to RMB.

<u>Primary Investment</u>

The Sub-Fund's primary investment in fixed income instruments above include but are not limited to bonds, fixed and floating rate securities, convertible bonds, contingent convertible bonds (Additional Tier 1 and Tier 2 Capital Instruments), money market instruments (including commercial papers, certificates of deposits, and commercial bills) which are issued by international issuers such as financial institutions, corporations, government, quasi-government organizations, agencies, organizations or entities, provided that the Sub-Fund's investment in any specific type of such investments is subject to the relevant investment limitation disclosed herein. The Sub-Fund's investment in money market instruments (other than cash) shall not exceed 30% of its Net Asset Value.

The Sub-Fund may fully invest its assets in "Dim Sum" bonds, i.e. bonds issued outside of Mainland China but denominated in RMB.

Credit Rating

The Sub-Fund will not invest fixed income instruments (including fixed income instruments with loss-absorption features and urban investment bonds as further detailed below) which are below investment grade (investment grade means Baa3 or BBB- or above by Standard & Poor's, Fitch, Moody's or another recognized credit rating agency) or are unrated. Accordingly, the Sub-Fund will also not invest in fixed income instruments issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which are below investment grade. For the purpose of the Sub-Fund, an "unrated fixed income instrument" is defined as an instrument which neither the instrument itself nor its issuer has a credit rating. Fixed income and debt instruments issued or guaranteed by issuers domiciled or carrying out the predominant part of their economic activities in the PRC that carry a credit rating of AA+ or above rated by China Chengxin International Credit Rating Co., Ltd or China Lianhe Credit Rating Co., Ltd or equivalent ratings by one of the local rating agencies recognized by the relevant authorities in Mainland China will be considered as equivalent investment grade rating.

Where the Manager foresees any event of a credit downgrade, removal of credit rating or default of the issuers of a fixed income instrument, which is the usual case, the Manager will rebalance the Sub-Fund's portfolio prior to the occurrence of such event. If the Manager cannot foresee such event, it will remove the instrument from the Sub-Fund's portfolio as soon as practicable in view of the market circumstances after the occurrence of such event, taking due account of the interests of the Sub-Fund's investors. In any event, the rectification will be carried out within a reasonable period and will be done in a gradual and orderly manner in light of the then prevailing market conditions.

Direct and Indirect Exposure to Mainland China

The Sub-Fund's aggregate exposure to investments (direct or indirect) to securities issued in the Mainland China market will not exceed 20% of its Net Asset Value ("**20% Onshore Limit**"). The Sub-Fund may also invest in fixed income instruments issued in Mainland China via the Manager's QFI status, the PRC interbank bond markets ("**China Interbank Bond Market**") under Foreign Access Regime, Bond Connect and/or other means as may be permitted by the relevant regulations from time to time. For the avoidance of doubt, the Fund currently does not intend to invest in A Shares or B Shares.

Subject to 20% Onshore Limit, the Sub-Fund's aggregate exposure to Mainland China may be up to 100% of its Net Asset Value. Other than Mainland China, it is not intended that the Sub-Fund be concentrated in any one single country or region in terms of where the fixed income instruments invested by the Sub-Fund are issued or where the issuers are located, Accordingly, the Sub-Fund will not invest more than 30% of its Net Asset Value in any single country/jurisdiction, other than the foregoing exposure to Mainland China. It is also not intended that the Sub-Fund be concentrated in any one sector.

Subject to 20% Onshore Limit, the Sub-Fund may invest no more than 30% of its Net Asset Value in urban investment bonds (城投債) (i.e. fixed income instruments issued by Mainland China local government financing vehicles ("**LGFVs**"), which are separate legal entities established by local governments and/or their affiliates to raise financing for local development, public welfare investment or infrastructure projects), which can be issued in or outside of Mainland China.

Ancillary Investments

The Sub-Fund may also invest up to 30% of its Net Asset Value in fixed income instruments with loss-absorption features (including contingent convertible bonds (Additional Tier 1 and Tier 2 Capital Instruments), senior non-preferred debt securities, instruments issued under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules and other similar instruments that may be issued by banks or other financial institutions). These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The Sub-Fund may invest up to 10% of its Net Asset Value in convertible bonds.

The Sub-Fund may invest up to 30% of its Net Asset Value in collective investment schemes managed by third parties or the Manager or its connected parties. Where appropriate, the Sub-Fund may invest up to 10% of its Net Asset Value in money market funds which are authorised by the SFC, recognised jurisdiction schemes, or non-recognised jurisdiction schemes not authorised by the SFC, in accordance with the requirements of the SFC's Code on Unit Trusts and Mutual Funds.

The Sub-Fund may hold less than 30% of its Net Asset Value in cash. Under exceptional circumstances (e.g. in times of extreme volatility of the markets or during severe adverse market conditions), the Sub-Fund may hold up to 100% of its Net Asset Value in cash on a temporary basis for liquidity management and/or defensive purposes.

The Sub-Fund may invest in financial derivative instruments for hedging purpose only.

The Sub-Fund may invest no more than 10% of its Net Asset Value in structured products, but does not intend to invest in other collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers).

The Manager currently does not intend to enter into securities lending, repurchase or reverse repurchase transactions and other similar over-the-counter transactions in respect of the Sub-Fund. The approval of the SFC will be sought and at least one month's prior notice will be given to Unitholders should there be a change in such intention.
The Sub-Fund may borrow up to 10% of Net Asset Value on temporary basis for the purpose of meeting redemption requests or defraying operation expenses.

Use of Derivatives / Investment in Derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its Net Asset Value.

What are the key risks?

Investment involves risks. For further information on risk, refer to the Sub-Fund's Explanatory Memorandum.

1. Investment risk

- The Sub-Fund is an investment fund and not a bank deposit. The Sub-Fund may both gain and lose value and there is no guarantee of repayment of capital.
- There can be no assurance that the Sub-Fund will make any dividend or distributions payment during the period an investor holds units in the Sub-Fund.

2. Fixed income instruments risk

- ***Volatility and Liquidity risk*** – The Sub-Fund may invest in fixed income securities which are not listed or actively traded, and as a consequence tend to be less liquid and more volatile. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large, and hence, the Sub-Fund may incur significant trading and realisation costs and losses may be suffered.

- ***Credit Risk*** – The Sub-Fund is exposed to the credit/insolvency risk of issuers of the fixed income securities that the Sub-Fund may invest in.

- ***Interest Rate Risk*** – Investment in the Sub-Fund is subject to interest rate risk. Generally, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise.

- ***Credit Rating Risk*** – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the securities and/or the issuers at all times.

- ***Valuation Risk*** – Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations turn out to be incorrect, this may affect the calculation of the net asset value of the Sub-Fund.

- ***Downgrade Risk*** – The credit rating of an issuer or a fixed income instrument may subsequently be downgraded due to changes in the financial strength of an issuer or changes in the credit rating of a fixed income instrument. In the event of downgrading in the credit ratings of a fixed income instrument or an issuer relating to such instrument, the Sub-Fund's investment value in such security may be adversely affected. The Manager may or may not be able to dispose of the fixed income instruments that are being downgraded.

3. RMB currency and conversion risk

- RMB is currently traded in two markets: one in Mainland China (onshore RMB, or CNY) and one outside Mainland China (primarily in Hong Kong) (offshore RMB, or CNH). Although CNH and CNY are the same currency, they trade at different rates, and any divergence between CNH and CNY may adversely impact investors, in particular since the CNH rate will be used when determining the value of the units of the Sub-Fund.

- CNY is not freely convertible and is subject to exchange controls and certain requirements by the government of Mainland China, whereas CNH is freely tradable. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (e.g. USD, HKD) will not depreciate. Any depreciation of RMB and/or RMB currency conversion costs incurred could adversely affect the value of investors' investment in the Sub-Fund.

- Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

4. Mainland China risk

- ***Concentration risk*** – The Sub-Fund's investments are concentrated in the Mainland China markets. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse political, tax, economic, foreign exchange, liquidity, policy, legal and regulatory risk affecting the markets in which the Sub-Fund invests.

- ***Risks associated with "Dim Sum" bonds*** – The "Dim Sum" bond market is still a relatively small market. As with some global fixed income markets, it may be more susceptible to volatility and illiquidity, and should there be any new rules which limit or restrict the ability of issuers to raise RMB (offshore CNH) funding by way of bond issuance and/or reversal or suspension of the liberalisation of the CNH market by the relevant regulator(s), the operation of the "Dim Sum" bond market and new issuances could be disrupted and potentially cause a fall in the Net Asset Value of the Sub-Fund.

- ***Risks associated with urban investment bonds*** – Urban investment bonds are issued by LGFVs. Although local governments may be seen to be closely connected to urban investment bonds, such bonds are typically not guaranteed by local governments or the central government of the PRC. As such, local governments or the central government of the PRC are not obliged to support any LGFVs in default. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the net asset value of the Sub-Fund could be adversely affected.

5. Emerging market risk

- The Sub-Fund invests in emerging markets (including Mainland China, India, Indonesia, and Brazil) which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

6. Risks associated with investment in fixed income instruments with loss-absorption features

- Fixed income instruments with loss-absorption features are subject to greater risks when compared to traditional fixed income instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of certain pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

- In the event of the activation of a trigger, there may be potential price contagion and volatility caused by fixed income instruments with loss-absorption features to the entire asset class. Fixed income instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

- The Sub-Fund may invest in contingent convertible bonds ("**Cocos**") which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

- The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

7. Foreign currency risk

- The Sub-Fund's investments may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of units may be designated in a currency other than the base currency of the Sub-Fund. The Net Asset Value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

8. RMB hedging risk

- The Sub-Fund's exposure to non-RMB denominated debt securities may be hedged to RMB. There is a risk that the hedge may not be perfect and movements in its value may not exactly offset the change in value of the currency exposure being hedged (i.e. the hedging techniques employed by the fund may not completely eliminate exposure to undesired non-RMB currency risk), which may expose the Sub-Fund to unintended non-RMB exposure and adverse impact on investors.

- The potential upside for the Sub-Fund from non-RMB-denominated instruments may be limited by hedging non-RMB exposure back to RMB, for example when the currency of denomination of such instruments appreciates against RMB.

- The availability of RMB forward contracts that could be used by the Manager for hedging purposes may be limited and costly. Any expenses arising from the hedging transactions will be borne by the Sub-Fund, and may be significant depending on the portion of holding of non-RMB denominated securities being hedged and the prevailing market conditions.

9. Risks associated with distributions out of capital

- Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of a Unitholder's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the net asset value per

Unit.

- The distribution amount and Net Asset Value of the hedged unit classes may be adversely affected by differences in the interest rates of the reference currency of the hedged unit classes and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged unit classes.

How has the Sub-Fund performed?

As the Sub-Fund is newly established, there is insufficient data to provide a useful indication of past performance to investors.

Is there any guarantee?

The Sub-Fund makes no guarantee of investment return or avoidance of loss. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

Fee	What you pay
Subscription fee*	Up to 5% of the amount you buy^
Conversion or switching fee*	Up to 1% of the total redemption proceeds of the original Class of Units^
Redemption fee	None

^ Investor should check with distributor for current level of the subscription, conversion or switching fee. Note that no subscription fee is payable in respect of subscription for Class I RMB Units (ACC/DIST), Class I USD Units (ACC/DIST), Class I HKD Units (ACC/DIST), Class I USD (Hedged) Units (ACC/DIST), and Class I HKD (Hedged) Units (ACC/DIST).

Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % p.a. of the net asset value)
Management fee*#:	Up to 1.75% per annum (current level at 0.75% per annum for Class A RMB Units (ACC/DIST), Class A USD Units (ACC/DIST), Class A HKD Units (ACC/DIST), Class A USD (Hedged) Units (ACC/DIST), and Class A HKD (Hedged) Units (ACC/DIST) and at 0.40% per annum for Class I RMB Units (ACC/DIST), Class I USD Units (ACC/DIST), Class I HKD Units (ACC/DIST), Class I USD (Hedged) Units (ACC/DIST), and Class I HKD (Hedged) Units (ACC/DIST)) of the Sub-Fund's value)
Trustee fee*:	Up to 0.5% per annum (current level up to 0.10% per annum) of the Sub-Fund's value and subject

	to a minimum monthly fee of RMB40,000. The minimum monthly fee is reduced to RMB 20,000 for the first 6 months after the launch of the Sub-Fund.
Custodian fee*:	Up to 0.10% per annum of the Sub-Fund's value (current level at 0.025% per annum)
Performance fee:	Not applicable

***** *You should note that the subscription fee, conversion or switching fee, management fee, trustee fee, and custodian fee might be increased up to the specified permitted maximum level by providing not less than one month's prior notice to Unitholders.*

[#] *Where the Sub-Fund invests in funds which are managed by the Manager or its connected persons (the "underlying funds"), the Manager will procure that either the Sub-Fund or the underlying fund(s) will not charge any management fee in order to ensure no double-charging of management fees.*

Other fees

You may have to pay other fees when dealing in the units of the Sub-Fund.

Additional Information

- You generally buy and redeem units at the Sub-Fund's next-determined net asset value after the trustee receives your request in good order on or before 4:00 p.m. (Hong Kong time) being the dealing cut-off time. Different distributors may impose different dealing deadlines for receiving requests from investors.
- The net asset value is calculated and the price of units is published each Business Day in the company website of the Manager.
- Compositions of the distributions (if any) (i.e. the relative amounts / percentages paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and also on the following website: www.chinaamc.com.hk. This website has not been reviewed by the SFC.
- For further information on the past performance of other unit classes offered to Hong Kong investors, please refer to following website: www.chinaamc.com.hk. This website has not been reviewed by the SFC.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.