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ChinaAMC Select OFC

(a Hong Kong public umbrella open-ended fund company with variable capital, limited liability and segregated liability between sub-funds and authorised under section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)
(the “**Company**”)

ChinaAMC Ether ETF

*HKD Counter Stock Code: 3046
RMB Counter Stock Code: 83046
USD Counter Stock Code: 9046*

(the “**Sub-Fund**”)

Announcement Introduction of Staking

Unless otherwise defined in this Announcement, capitalised terms used in this Announcement shall have the same meaning as defined in the prospectus of the Company and the Sub-Fund (the “**Prospectus**”).

China Asset Management (Hong Kong) Limited (the “**Manager**”), the manager of the Company and the Sub-Fund, hereby wishes to inform Shareholders that with effect from 15 May 2025 (the “**Effective Date**”), the Sub-Fund may conduct staking of the ether held in its portfolio.

The Manager intends to enhance the performance of the Sub-Fund by staking up to 30% of the ether held in the portfolio of the Sub-Fund through SFC-licensed virtual asset trading platform(s), who can perform staking activities on its own or by engaging its affiliates or third party staking providers. Following the deduction of any service fees and any slashing penalties, staking yields will be reinvested into the Sub-Fund.

Staking is the process of validating transactions on the blockchain by locking up a committed amount of ether on the blockchain network for the purposes of the proof-of-stake consensus mechanism so as to enhance the network operation. Through participating in staking, the Sub-

Fund may receive staking rewards, which are in the form of ether, from the Ethereum network. It is expected that, in general, there is no change in the ownership of the ether held by the Sub-Fund during the staking process.

Risks associated with staking

Please refer to the below for a summary of risks associated with staking. The Prospectus will be updated on or around the Effective Date, and investors should refer to the updated Prospectus for further information.

There is no guarantee that staking will yield rewards, and past rewards are not indicative of future returns. If the staking services are ceased or terminated, the Sub-Fund may not be able to stake the Sub-Fund's assets for a period of time or at all.

Staking service providers: The Sub-Fund is exposed to the risk of loss of staked ether if the staking service providers fail to operate in accordance with the Ethereum network's rules, or due to cybersecurity attacks, security issues, or other unforeseeable problems.

Slashing risk: Staking may come with a risk of loss of virtual assets due to a process known as slashing. In the context of Ethereum, slashing occurs when a validator is found to be performing critical violations, such as double-signing, extended downtime or equivocating, by proposing or attesting to conflicting blocks. If any staking service provider to the Sub-Fund is slashed by the Ethereum network, the Sub-Fund may be affected, leading to the loss of both rewards and principal. As a result of extended downtime due to the staking service provider's inactivity, even if no slashing occurs, the Sub-Fund may not be able to benefit from rewards, and may incur penalties.

Staking features and liquidity risk: Staking features such as lock-up periods, staking reward payout periods and reward amounts are not necessarily fixed over time, and can cause liquidity risk or delay in settlement period. Staked assets cannot be transferred, sold or otherwise dealt with during the lock-up period. Further, staked assets may not pay out staking rewards daily, which may cause delays in reinvestment of the staking reward amount into the Sub-Fund.

Risk of unstaking process: Unstaking of ether will take time (from a few days to a few weeks), and during the unstaking process, the Manager will not be able to withdraw or liquidate the staked ether.

Volatility risk: Given the volatility of ether, the value of staked ether at the time of completion of the unstaking period may be significantly less than the value of the ether at the time a decision is taken to withdraw the staked ether.

Risk of entry queue period: There may be an entry queue period (i.e. waiting time that validators experience (after they have staked their ether) before they can start participating in the Ethereum network) of up to a few weeks. Staked ether will not be eligible to receive any staking rewards and may not be withdrawn during the period.

Legal uncertainty risk: Due to the novelty of staking, there is no case law on ownership of staked assets. The legal uncertainty may affect the nature and enforceability of the Sub-Fund's interest in the virtual assets of the Sub-Fund which have been staked.

Reason for introduction of staking

The introduction of staking is for enhancing the potential yield of the Sub-Fund by staking a portion of the ether held in the portfolio of the Sub-Fund.

Impact on the Sub-Fund

Existing investors may benefit from the potential enhancement in the yield of the Sub-Fund as a result of the introduction of staking. Save as disclosed herein, there will be no change in the features of the Sub-Fund, nor the operation or manner in which the Sub-Fund is being managed as a result. There will be no change in the fee level or cost in managing the Sub-Fund. The introduction of staking will not materially prejudice the rights or interests of the existing investors of the Sub-Fund.

The costs and/or expenses incurred in connection with the introduction of staking are estimated to be approximately HK\$85,000 and will be borne by the Sub-Fund.

Investors who do not wish to remain invested on or after the Effective Date:

- (i) in a Listed Class of Shares of the Sub-Fund may sell their holdings on the SEHK at any time prior to the Effective Date. Usual fees payable in respect of dealing in the Listed Class of Shares on the SEHK apply; or
- (ii) in an Unlisted Class of Shares of the Sub-Fund may redeem their Unlisted Class of Shares free of redemption fee at any time prior to the Effective Date.

General

The Prospectus and product key facts statements (“**KFS**”) for each of the Listed Class of Shares and Unlisted Classes of Shares of the Sub-Fund will be updated to reflect the use of staking, the relevant risks and other miscellaneous updates. The updated Prospectus and KFS will be available on the Manager’s website at www.chinaamc.com.hk (this website has not been reviewed by the SFC) and the HKEx’s website at www.hkex.com.hk on or around the Effective Date.

Copies of the Instrument, the most recent audited annual financial report and unaudited half-yearly financial report of the Company and the Sub-Fund and other agreements as stated in the section headed “Inspection of Documents” in the Prospectus are available for inspection free of charge during normal office hours at the offices of the Manager and copies thereof may be obtained from the Manager upon the payment of a reasonable fee.

Investors who have any enquiries regarding the above may contact the Manager at 37/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong or our enquiry hotline at (852) 3406 8686 during office hours.

China Asset Management (Hong Kong) Limited
as Manager of the Company and the Sub-Fund
15 April 2025