

**ChinaAMC Select Fund  
(the “Fund”)**

- **ChinaAMC Select Asia Bond Fund**
- **ChinaAMC Select China New Economy Fund**
- **ChinaAMC Select Hong Kong China Opportunities Fund**
- **ChinaAMC Select RMB Bond Fund**
- **ChinaAMC Select RMB Short-term Bond Fund**  
(each a “Sub-Fund”, collectively the “Sub-Funds”)

**NOTICE TO UNITHOLDERS**

**This notice is important and requires your immediate attention. If you are in any doubt about the content of this notice, you should seek independent professional financial advice and/or legal advice.**

All capitalized terms herein contained shall have the same meaning in this notice as in the Explanatory Memorandum of the Fund and the Sub-Funds dated December 2016, as may be amended and supplemented from time to time (the “**Explanatory Memorandum**”). China Asset Management (Hong Kong) Limited, the manager of the Fund (the “**Manager**”), accepts full responsibility for the accuracy of the information contained in this notice at the date of publication.

26 January 2018

Dear Unitholder,

We are writing to inform you of the following changes concerning the Fund and the Sub-Funds. Unless otherwise specified, the relevant changes will take immediate effect from the date of this notice.

**1. Elaboration of investment strategy of ChinaAMC Select Asia Bond Fund (“Asia Bond Fund”)**

It is currently disclosed in the offering documents of the Asia Bond Fund that less than 70% of its Net Asset Value may be invested in fixed income and debt instruments issued or guaranteed by issuers domiciled or carrying out the predominant part of their economic activities in the PRC (“**PRC Bonds**”), and that such PRC Bonds will be issued outside of the PRC.

To increase investment flexibility for the Asia Bond Fund, the Manager would like to elaborate on the investment strategy of the Asia Bond Fund such that the aforementioned PRC Bonds may be RMB denominated fixed income securities

(including urban investment bonds) issued or distributed in Mainland China (“**Onshore RMB Bonds**”) or bonds issued outside of Mainland China.

In this connection, the Asia Bond Fund may invest up to 15% of its Net Asset Value directly in Onshore RMB Bonds via the Manager’s RQFII Quota, the China Interbank Bond Market, Bond Connect and/or other means as may be permitted by the relevant regulations from time to time. Such Onshore RMB Bonds or the issuers thereof will 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.

The Asia Bond Fund may also invest up to 15% of its Net Asset Value in dim sum bonds (i.e. RMB denominated bonds issued outside of Mainland China).

The Manager would also like to clarify that the aggregate exposure of the Asia Bond Fund to securities issued in Mainland China market including but not limited to A-Shares, B-Shares, Onshore RMB Bonds and such other financial instruments permitted under applicable PRC regulations will not exceed 20% of its Net Asset Value.

For the avoidance of doubt, the maximum exposure to PRC Bonds (including Onshore RMB Bonds or bonds issued outside of Mainland China) for the Asia Bond Fund, i.e. 70% of its Net Asset Value, remains unchanged.

## **2. Clarification of investment strategy of ChinaAMC Select China New Economy Fund (“China New Economy Fund”)**

It is disclosed in the offering documents of the China New Economy Fund that not less than 70% of its Net Asset Value may be invested in equity securities which are traded in Hong Kong Dollars and listed on the stock exchange of Hong Kong. As ancillary investments, the China New Economy Fund may also invest: (i) up to 30% of its Net Asset Value in fixed income securities; and (ii) not more than 20% of its Net Asset Value in equities of companies listed on stock exchanges other than that in the PRC, and/or funds that are authorized and/or not authorized by the SFC that invest directly in Mainland securities (including but not limited to A-Shares, bonds and such other financial instruments permitted under applicable PRC regulations).

The Manager would like to clarify that the China New Economy Fund’s aggregate exposure to securities issued in Mainland China market including but not limited to A-Shares, B-Shares, Onshore RMB Bonds and such other financial instruments permitted under applicable PRC regulations will not exceed 20% of its Net Asset Value.

In addition, the China New Economy Fund’s ancillary investment strategy is elaborated based on the existing investment objective of long term capital growth

such that the China New Economy Fund may invest not more than 20% of its Net Asset Value in American depositary receipts and exchange traded funds.

### **3. Discretionary rebate of the Manager's management fee**

Currently, the Manager may be paid a management fee by the Sub-Funds up to 1.75% per annum of the Net Asset Value of each class of Units of the relevant Sub-Fund.

With immediate effect, the Manager may, at its sole discretion, out of its management fee, rebate all of or part of such fee to any investors or the distributors or other intermediaries, to the extent permitted by applicable laws and regulations. The Manager will act in accordance with applicable laws and regulations to treat all investors fairly and equitably.

### **4. Other updates**

The Explanatory Memorandum will be revised to include general information on investing in the China Interbank Bond Market via the Foreign Access Regime and Bond Connect, and reflect updates on tax disclosures including the PRC tax regime, the Foreign Account Tax Compliance Act (FATCA), and Automatic Exchange of Financial Account Information (AEOI).

Also, the disclosures relating to the RMB Bond Fund, the Asia Bond Fund and the China New Economy Fund will be enhanced for compliance with the SFC's minimum disclosure requirements.

Copies of the Trust Deed, together with all supplemental deeds are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the Manager's office at 37/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong.

The Explanatory Memorandum and the Product Key Facts Statements of the relevant Sub-Funds will be amended to reflect the above changes in due course, and will be published on the Manager's website at [www.chinaamc.com.hk](http://www.chinaamc.com.hk) as soon as practicable.

Unitholders 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 the Manager's enquiry hotline at (852) 3406 8686 during office hours.

Yours faithfully,

**China Asset Management (Hong Kong) Limited**