

**ChinaAMC Select Fund
(the “Fund”)**

NOTICE TO UNITHOLDERS

This notice is important and requires your immediate attention. It contains information regarding changes to the Explanatory Memorandum of the Fund dated March 2016 in respect of the ChinaAMC Select RMB Bond Fund, the ChinaAMC Select RMB Short-term Bond Fund and ChinaAMC Select Hong Kong China Equity Fund (collectively, the “Sub-Funds”), as amended from time to time (the “Explanatory Memorandum”). 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. 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.

10 March 2016

Dear Unitholder,

We are writing to inform you of certain changes which have been made to the Trust Deed (as defined below).

1. Amendments to the Trust Deed of the Fund

With effect from 20 January 2016, certain amendments have been made to the Trust Deed of the Fund (the “**Trust Deed**”) by way of a ninth supplemental deed dated 20 January 2016 (the “**Ninth Supplemental Deed**”). Such amendments are made inter alia, to align with the relevant regulatory requirements.

The Trustee has certified pursuant to Clause 11(A)(1)(b) of the Trust Deed that the modification, alteration or addition to the Trust Deed effected by the Ninth Supplemental Deed is necessary or desirable in order to make possible compliance with any fiscal, statutory or official requirement (whether or not having the force of law).

A summary of changes to be made on the Trust Deed are as follows:-

- clarification of the notification requirement for the Unitholders to exercise the right of conversion (i.e. from “giving to the Trustee a notice in a form the Trustee may require” to “giving to the Trustee or the Manager a notice in a form the Trustee may require”) (Sub-Clause 4(B)(1) of the Principal Deed);
- amending the existing provisions in order to allow the Trustee to distribute any

of the moneys in its hands in a currency other than RMB in the event of termination (Clause 9(C) (1));

- updating the requirements that the Manager has to meet in order to suspend the determination of the Net Asset Value of a sub-fund from “after giving notice to the Trustee” to “after consulting and giving notice to the Trustee”(Clause 4(A) of Appendix E);
- updating the definition of “Correspondent” to include “delegate” and “sub-custodian” (Clause 1(A)(1) of Appendix H);
- clarification of the scope of responsibility of the Trustee in respect of the Correspondents which are not Connected Persons of the Trustee and the necessary conditions (Clauses 1(A)(1A) and (2) of Appendix H);
- clarification of the scope of the liability of the Trustee that the Trustee (a) shall exercise reasonable skill, care and diligence in selecting, appointing and ongoing monitoring of any agent, nominee, delegate, custodian, joint custodian or sub-custodian to hold any investments or other property of a Sub-Fund (each a "**Correspondent**"); (b) shall be satisfied that such Correspondent retained during the terms of appointment remain suitably qualified and competent to provide services to the Fund or any Sub-Fund; (c) shall be responsible for any act or omission of any Correspondent (except those Correspondents which are not Connected Persons of the Trustee) and of the RQFII Local Custodian as if the same were the act or omission of the Trustee, provided however that if the Trustee has discharged its obligations set out in paragraphs (a) and (b) above, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent that is not a Connected Person of the Trustee. The Trustee shall remain liable for any act or omission of any Correspondent that is a Connected Person of the Trustee as if the same were the act or omission of the Trustee (Clauses 1(A)(1A) and 1(A)(2) of Appendix H);
- clarification on the power of the Trustee to appoint sub-custodian and to empower any such custodian, joint custodian or sub-custodian to further appoint, with no objection in writing of the Trustee, an agent, nominee, delegate, custodian, joint custodian or sub-custodian, in accordance with all applicable laws or regulations (Clause 1(C) of Appendix H); and
- clarification of the scope of the liability of the Trustee that if the Trustee (i) has exercised reasonable care and diligence in the selection, appointment and ongoing monitoring of such broker, financial institution, or other person with whom securities, cash and/or other property are deposited; and (ii) is satisfied that such broker, financial institution, or other person retained remain suitably qualified and competent to provide the relevant service, the Trustee is not liable for any act, omission, insolvency, liquidation or bankruptcy of a broker, financial institution, or other person (or in each case their nominees), who is not a Connected Person of the Trustee and with whom securities, cash and/or other property are deposited at the instruction of the Manager, in order to satisfy any margin, collateral or other security requirement of such person

pursuant to a financial transaction entered into on behalf of the Trust or to comply with applicable law or regulation where the Trustee is restricted from holding such securities, cash and/or other property (Clause 1(D) of Appendix H).

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.

2. Changes relating to Foreign Account Tax Compliance (FATCA)

FATCA Regime

FATCA of the US Internal Revenue Code of 1986, as amended (“**IRS Code**”) impose new rules with respect to certain payments to non-United States persons, such as the Fund and the Sub-Funds, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service (“**IRS**”) to identify United States persons (within the meaning of the IRS Code) with interests in such payments. To avoid such withholding on payments made to it, a foreign financial institution (an “**FFI**”), such as the Fund and the Sub-Funds (and, generally, other investment funds organised outside the US), generally will be required to enter into an agreement (an “**FFI Agreement**”) with the IRS under which it will agree to identify its direct or indirect owners who are United States persons and report certain information concerning such United States person owners to the IRS.

In general, an FFI which does not sign an FFI Agreement or is not otherwise exempt will face a punitive 30% withholding tax on all “withholdable payments” derived from US sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition, starting from 1 January 2017, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest will be treated as “withholdable payments”.

Details of Intergovernmental Agreement

On 13 November 2014, the Hong Kong government signed an intergovernmental agreement (“**IGA**”) with the US for the implementation of FATCA, adopting “Model 2” IGA arrangement. Under this “Model 2” IGA arrangement, FFIs in Hong Kong (such as the Fund and the Sub-Funds) are required to enter into the FFI Agreement with the IRS, register with the IRS and comply with the terms of the FFI Agreement, as modified by the IGA. Otherwise they will be subject to a 30% withholding tax on relevant US-sourced payments to them.

As an IGA has been signed between Hong Kong and the US, FFIs in Hong Kong (such as the Fund and the Sub-Funds) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on payments to recalcitrant accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the IRS) or

close those recalcitrant accounts (provided that information regarding such recalcitrant account holders is reported to the IRS), but may be required to withhold tax on payments made to non-compliant FFIs.

FATCA Status

Each of the Sub-Funds has completed the registration process and entered into the requisite FFI Agreement with the IRS. The Fund and each Sub-Fund will endeavour to satisfy the requirements imposed under FATCA and the FFI Agreement to avoid any withholding tax. In the event that the Fund or any Sub-Fund is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Fund or such Sub-Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund or that Sub-Fund may be adversely affected and the Fund or such Sub-Fund may suffer significant loss as a result.

Impact to Unitholders

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund or the relevant Sub-Fund, or a risk of the Fund or the relevant Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Fund and each of the relevant Sub-Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation and to the extent permitted by applicable laws and regulations (i) reporting the relevant information of such Unitholder to the IRS; (ii) withholding or deducting from such Unitholder's account; and/or (iii) deeming such Unitholder to have given notice to redeem all his Units in the relevant Sub-Fund. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds and to the extent permitted by applicable laws and regulations.

The Explanatory Memorandum has been amended to reflect the above changes. The Explanatory Memorandum has been published on the Manager's website at www.chinaamc.com.hk.

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 our enquiry hotline at (852) 3406 8686 during office hours.

Yours faithfully,

China Asset Management (Hong Kong) Limited