

**ChinaAMC Select Fund
(the “Fund”)**

**ChinaAMC Select Asia Bond Fund
ChinaAMC Select China New Economy Fund
ChinaAMC Select Fixed Income Allocation Fund
ChinaAMC Select Hong Kong China Opportunities Fund
ChinaAMC Select Money Market Fund
ChinaAMC Select RMB Bond Fund
(each a “Sub-Fund” and 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 2019, 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.

6 December 2019

Dear Unitholder,

We, as the Manager of the Fund and the Sub-Funds, are writing to inform you that with effect from the date of this notice, certain updates have been made to the Fund and the Sub-Funds.

A. Amendments to reflect requirements under the revised Code on Unit Trusts and Mutual Funds

The Fund and the Sub-Funds are subject to the Code on Unit Trusts and Mutual Funds (“**Code**”) issued by the Securities and Futures Commission in Hong Kong (“**SFC**”), which has been revised with effect from 1 January 2019. A 12-month transition period from 1 January 2019 has been provided by the SFC for existing funds, such as the Fund and the Sub-Funds, to comply with revised Code.

The Trust Deed has been amended by way of a supplemental deed (“**Supplemental Deed**”) and the Explanatory Memorandum has been revised (“**Revised Explanatory Memorandum**”) to reflect the requirements under the revised Code. The following are the key changes that have been made to the Trust Deed and/or the Explanatory Memorandum:

1. Trustee and Manager - additional obligations of the Trustee and the Manager under Chapters 4 and 5 respectively of the revised Code.
2. Investment Restrictions: Core Requirements - amendments to the core requirements of the investment limitations and prohibitions under Chapters 7 and 8.2 of the revised Code, including but not limited to amendments in relation to the following: spread of investments, commodities, restrictions on making loans, limitations on borrowing, financial derivative instruments,

securities financing transactions, collateral, and investment restrictions applicable to money market funds etc.

A summary of the key revised investment restrictions/requirements pursuant to the revised Code are set out in Annexure A enclosed with this Notice.

Information on the net derivative exposure of each Sub-Fund calculated in accordance with the requirements and guidance issued by the SFC is set out in Annexure B enclosed with this Notice.

3. Other Amendments – other amendments and enhancement of disclosures to reflect the requirements of the revised Code including the following:
 - (a) enhanced disclosures relating to securities financing transactions;
 - (b) enhanced disclosures relating to the collateral policy of the Sub-Funds;
 - (c) amendments to reflect the requirements under the revised Code on transactions with connected persons and soft dollars arrangements; and
 - (d) enhanced disclosures on arrangements in handling unclaimed proceeds of Unitholders where a Sub-Fund is terminated.

Please refer to the Revised Explanatory Memorandum and the Supplemental Deed for further details.

B. Elaboration of the investment strategy of ChinaAMC Select Asia Bond Fund and ChinaAMC Select Fixed Income Allocation Fund in respect of their borrowing

In a volatile market, there may be possibility a large amount of redemption requests will be received by the Sub-Fund. The establishment and maintenance of a clear and effective liquidity risk management framework is important to ensure that liquidity risk is properly managed in a consistent manner which is commensurate with the size of the Sub-Fund and the complexity of the investment strategies used. As part of the liquidity risk management framework, the borrowing feasibility of the Sub-Fund is a key tool.

From the date of this notice, the investment strategies of ChinaAMC Select Asia Bond Fund and ChinaAMC Select Fixed Income Allocation Fund are elaborated by way of variation based on these Sub-Funds' respective existing investment strategies, such that each of these Sub-Funds can borrow up to 10% of their total Net Asset Value on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

C. Clarification of the investment strategy of ChinaAMC Select Fixed Income Allocation Fund

ChinaAMC Select Fixed Income Allocation Fund seeks to achieve capital appreciation by directly or indirectly investing not less than 70% of its Net Asset Value in fixed income and debt instruments in markets worldwide. The average portfolio maturity of this Sub-Fund will be no more than 1.6 years. Furthermore, less than 25% this Sub-Fund's Net Asset Value will be invested in fixed income and debt instruments which are below investment grade or unrated or are high yield bonds.

From the date of this notice, the investment strategy of ChinaAMC Select Fixed Income Allocation Fund is clarified by way of removal of the foregoing average portfolio maturity disclosure based on its existing investment strategy, such that there will be no specific requirement for the average portfolio maturity of this Sub-Fund. Furthermore, less than 35% this Sub-Fund's Net Asset Value will be invested in fixed income and debt instruments which are below investment grade or unrated or are high yield bonds.

D. Clarification of the investment strategy of ChinaAMC Select China New Economy Fund

The Sub-Fund seeks to achieve long term capital growth by primarily (i.e. not less than 70% of its Net Asset Value) investing in equity securities which are (a) traded in Hong Kong dollars and (b) listed on the stock exchange of Hong Kong (“**HK Equity Securities**”). When investing in HK Equity Securities, the Sub-Fund will focus on investing in equities of companies which, in the opinion of the Manager, will likely benefit from innovations, use of new technologies or offering products and services that meet the demands of the new and evolving China economy (“**China-Related Companies**”) with registered offices located in Mainland China or Hong Kong, and/or China-Related Companies that do not have their registered offices in Mainland China or Hong Kong but either (a) carry out a predominant proportion of their business activities in Mainland China or Hong Kong or (b) are holding companies which predominantly own companies with registered offices in Mainland China or Hong Kong. The Manager currently intends to maintain at all times that at least 70% of the Sub-Fund’s Net Asset Value will be denominated in Hong Kong Dollars.

From the date of this notice, the investment objective of the Sub-Fund is further clarified that it seeks to achieve long term capital growth by investing primarily (i.e. not less than 70% of its Net Asset Value) in China-Related Companies. The investment strategy of ChinaAMC Select China New Economy Fund is then amended by way of variation of the foregoing investment threshold based on its existing investment strategy, such that the Sub-Fund will invest not less than 50% of its Net Asset Value in HK Equity Securities of China Related Companies and the Sub-Fund will maintain at all times that at least 50% of the Sub-Fund’s Net Asset Value in Hong Kong Dollars denominated assets. To achieve the investment objective, the Sub-Fund will invest in equity securities of China-Related Companies which are non-HK Equity Securities, and American depository receipts and other collective investment schemes with direct exposure to China-Related Companies, such that at least 70% of the Net Asset Value of the Sub-Fund will be invested in securities of or with direct exposure to China-Related Companies.

Furthermore, it is currently disclosed that the Sub-Fund’s aggregate exposure to investments in securities issued in Mainland China market including but not limited to A-Shares and such other financial instruments permitted under applicable PRC regulations will not exceed 20% of its Net Asset Value. It is clarified that, as part of the foregoing exposure to investments in securities issued in the Mainland China market, the Manager may make use of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect to invest in A-Shares.

The Manager considers the elaborations of investment strategies set out in sub-sections B., C. and D. above do not amount to material changes to the relevant Sub-Funds and do not result in material changes or increase in the overall risk profile of the relevant Sub-Funds. Such elaborations do not have a material adverse impact on unitholders’ rights or interests, including any limit to unitholders’ ability in exercising their rights.

E. Notification arrangement in respect of suspension of calculation of Net Asset Value

Currently, the Manager may, after consulting and giving notice to the Trustee, suspend the determination of the Net Asset Value of a sub-fund for the whole or any part of any period during the circumstances set out in the sub-section headed “Suspension of Calculation of Net Asset Value” in the Explanatory Memorandum. Whenever the Manager declares any such suspension, the Manager will, at least once a month, publish a notice in one Hong Kong English newspaper and one Hong Kong Chinese newspaper in respect of the suspension.

From the date of this notice, whenever the Manager declares any such suspension, the Manager will no longer publish a notice on any English or Chinese newspaper, but will, at least once a month, publish a

notice on the Manager's website (www.chinaamc.com.hk). This website has not been reviewed by the SFC.

F. Other Amendments

The Trust Deed and Explanatory Memorandum of the Fund, and the Term Sheets and Product Key Facts Statements of the Sub-Funds have also been updated to reflect other administrative, clarificatory and editorial amendments.

For the avoidance of doubt, save as disclosed in this Notice, there are no changes to the manner in which the Sub-Funds are being managed, the level of fees payable by the Sub-Funds and by the Unitholders, or the risk profile and investment objectives and policies of the Sub-Funds.

Copies of the Trust Deed together with all supplemental deeds (including the Supplemental Deed) can be inspected free of charge 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 revised Explanatory Memorandum of the Fund, together with the Product Key Facts Statements of the Sub-Funds which have been updated to reflect the above accordingly, are available at www.chinaamc.com.hk (this website has not been reviewed by the SFC) from the date of this notice.

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

Annexure A – Summary of key revised investment restrictions

The key amendments to the investment restrictions are as follows:

- (a) the aggregate value of the Sub-Fund’s investments in, or exposure to, any single entity (other than Government and other public securities) through the following may not exceed 10% of its latest available Net Asset Value:
 - (i) investments in securities issued by that entity;
 - (ii) exposure to that entity through underlying assets of financial derivative instruments; and
 - (iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.

- (b) subject to the requirements under the revised Code, the aggregate value of the Sub-Fund’s investments in, or exposure to, entities within the same group (i.e. generally, entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) through the following may not exceed 20% of its latest available Net Asset Value:
 - (i) investments in securities issued by those entities;
 - (ii) exposure to those entities through underlying assets of financial derivative instruments; and
 - (iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.

- (c) the value of the Sub-Fund’s cash deposits made with the same entity or entities within the same group may not exceed 20% of its latest available Net Asset Value provided that the 20% limit may be exceeded in certain circumstances specified in the revised Code.

- (d) the Sub-Fund may not invest in physical commodities unless otherwise approved by the SFC.

- (e) a Sub-Fund which is a feeder fund may invest 90% or more (instead of all) of its latest available Net Asset Value in a single collective investment scheme.

- (f) subject to the requirements under the revised Code, the Sub-Fund may not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the avoidance of doubt, reverse repurchase transactions in compliance with the requirements under the revised Code are not subject to the limitations in this paragraph.

- (g) the maximum borrowing of the Sub-Fund has been reduced to 10% of its latest available Net Asset Value. For the avoidance of doubt, securities lending and repurchase transactions in compliance with the requirements under the revised Code are not subject to the limitations in this paragraph.

- (h) the Fund may acquire financial derivative instruments for hedging purposes.

- (i) the Fund may also acquire financial derivative instruments for non-hedging purposes in accordance with its investment objective and policy subject to the applicable limit of the relevant Sub-Fund’s net exposure relating to these financial derivative instruments (“**net derivative exposure**”).

Net derivative exposure shall be calculated in accordance with the Code and the requirements and guidance issued by the SFC which may be updated from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes will not be counted towards the 50% limit so long as there is no residual derivative exposure arising from such hedging arrangement.

- (j) to limit the exposure to each counterparty, the Sub-Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements in the revised Code.

Annexure B – Information on net derivative exposure

The net derivative exposure is calculated in accordance with the Code and the requirements and guidance issued by the SFC which may be updated from time to time. In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the portfolio level of a Sub-Fund are converted into their equivalent positions in their underlying assets.

The following Sub-Funds may acquire financial derivative instruments for hedging and/or investment purposes subject to the limit set out below:

Fund	Net derivative exposure (% of Net Asset Value)
ChinaAMC Select Asia Bond Fund	up to 50%
ChinaAMC Select China New Economy Fund	up to 50%
ChinaAMC Select Fixed Income Allocation Fund	up to 50%
ChinaAMC Select Hong Kong China Opportunities Fund	up to 50%
ChinaAMC Select Money Market Fund	up to 50%

ChinaAMC Select RMB Bond Fund will not invest in financial derivative instruments for any purposes.