

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

**ChinaAMC Select Money Market Fund  
ChinaAMC Select Stable Income Fund (This is not a money market fund)\*  
ChinaAMC Select USD Money Market Fund  
ChinaAMC Select Flexible Cycle Income 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 July 2023, 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.

18 December 2023

Dear Unitholder,

We, as the Manager of the Fund and the Sub-Funds, are writing to inform you of the following updates concerning the Sub-Funds which will take effect from 18 January 2024 (the “**Effective Date**”).

**1. Addition of new Classes of Units of ChinaAMC Select Money Market Fund, ChinaAMC Select USD Money Market Fund and ChinaAMC Select Flexible Cycle Income Fund**

The Manager would like to launch new classes of Units of these Sub-Funds, namely Class A HKD Units (DIST) and Class I HKD Units (DIST) for ChinaAMC Select Money Market Fund, Class A USD Units (DIST) and Class I USD Units (DIST) for ChinaAMC Select USD Money Market Fund and Class A USD Units (DIST) and Class A HKD Units (DIST) for ChinaAMC Select Flexible Cycle Income Fund (collectively, the “**New Classes**”), to offer greater investment flexibility (i.e. the option to invest in Units with distribution feature, as detailed below) to investors.

The details of the New Classes are as follows:

New classes	Initial Offer Price	Minimum subscription Minimum holding Minimum subsequent subscription	Minimum redemption	Management fee <sup>1</sup>	Ongoing charges over a year <sup>2</sup>
<i>ChinaAMC Select Money Market Fund</i>					

\* The Sub-Fund is not authorized as a money market fund under the SFC’s Code on Unit Trusts and Mutual Funds for offering to the public.

<sup>1</sup> As a percentage per annum of the Sub-Fund’s Net Asset Value.

<sup>2</sup> As the unit class has not yet been launched, 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 this Sub-Fund and may vary from year to year.

Class A HKD Units (DIST)	HKD 10	HKD 1,000	HKD 1,000	0.15%	0.22%
Class I HKD Units (DIST)	HKD 10	HKD 1,000,000	HKD 10,000	0.05%	0.13%
<i>ChinaAMC Select USD Money Market Fund</i>					
Class A USD Units (DIST)	USD 100	USD 100	USD 100	0.15%	0.29%
Class I USD Units (DIST)	USD 100	USD 1,000	USD 1,000	0.05%	0.18%
<i>ChinaAMC Select Flexible Cycle Income Fund</i>					
Class A USD Units (DIST)	USD 10	USD 0.01	USD 0.01	0.50%	0.66%
Class A HKD Units (DIST)	HKD 10	HKD 0.01	HKD 0.01	0.50%	0.66%

In respect of the New Classes, the Manager currently intends to make distributions on a monthly basis, subject to the discretion of the Manager. However, there is no guarantee of regular distribution and (if distribution is made) the amount being distributed.

Furthermore, in respect of New Classes, the Manager may at its discretion pay distributions out of the capital of the relevant Sub-Fund or pay distributions out of gross income while charging / paying all or part of the relevant Sub-Fund's fees and expenses to / out of the capital of the relevant Sub-Fund. Where distributions are paid out of gross income while charging / paying all or part of the relevant Sub-Fund's fees and expenses to / out of the capital of the relevant Sub-Fund, this will result in an increase in distributable income for the payment of distributions by the relevant Sub-Fund and therefore, the relevant Sub-Fund may effectively pay distributions out of capital.

Unitholders should note that the distributions paid out of capital or effectively out of capital amount to a return or withdrawal of part of a Unitholder's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of the relevant Sub-Fund's capital or (as the case may be) payment of distributions effectively out of the relevant Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Unit.

The 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 from the Manager on request and also on the following website: [www.chinaamc.com.hk](http://www.chinaamc.com.hk)<sup>3</sup>.

In addition to the management fee as set out in the table above, the subscription fee, conversion / switching fee, trustee fee, and custodian fee applicable to other existing Classes of Units of these respective Sub-Funds are also applicable to the New Classes.

The subscription and redemption procedures of the New Classes are the same as that of other existing Classes of their respective Sub-Funds, which are disclosed in the Explanatory Memorandum and the Product Key Facts Statements of these Sub-Funds and as further amended as set out in this notice below.

Costs and/or expenses that will be incurred in connection with the addition of the New Classes, which are estimated to be approximately HKD 22,000 for ChinaAMC Select Money Market Fund (i.e. 0.0008% of the Net Asset Value of the Sub-Fund as of 28 November 2023), HKD 22,000 for ChinaAMC Select USD Money Market Fund (i.e. 0.0011% of the Net Asset Value of the Sub-Fund as of 28 November 2023) and HKD 22,000 for ChinaAMC Select Flexible Cycle Income Fund (i.e. 0.0247% of the Net Asset Value of the Sub-Fund as of 27 November 2023), will be borne by the New Classes of the

<sup>3</sup> This website has not been reviewed by the SFC.

respective Sub-Funds equally and amortised over a period of five accounting periods starting from the Effective Date or such other period as the Manager may determine with the approval of the trustee of the Fund.

## **2. Change of dealing deadline of ChinaAMC Select Money Market Fund and ChinaAMC Select USD Money Market Fund**

To facilitate the dealing and valuation process and the payment of redemption proceeds by allowing more time on each dealing day to process investors' dealing requests, the Dealing Deadline of these Sub-Funds will be changed from 12:00 p.m. (Hong Kong time) on the relevant Dealing Day to 11:00 a.m. (Hong Kong time) on the relevant Dealing Day.

Correspondingly, the Valuation Point of these Sub-Funds will be changed from 12:00 p.m. (Hong Kong time) on the relevant Valuation Day to 11:00 a.m. (Hong Kong time) on the relevant Valuation Day.

Save for the above, the subscription and redemption procedures of the Classes of Units of these Sub-Funds remain the same as disclosed in the Explanatory Memorandum and the Product Key Facts Statements of these Sub-Funds.

Costs and/or expenses that will be incurred in connection with this change, which are estimated to be approximately HKD 23,000 for ChinaAMC Select Money Market Fund (i.e. 0.0009% of the Net Asset Value of the Sub-Fund as of 28 November 2023) and HKD 23,000 for ChinaAMC Select USD Money Market Fund (i.e. 0.0011% of the Net Asset Value of the Sub-Fund as of 28 November 2023), will be borne by the respective Sub-Funds and amortised over a period of five accounting periods starting from the Effective Date or such other period as the Manager may determine with the approval of the trustee of the Fund.

## **3. Change of definition of "Dealing Day" for ChinaAMC Select Flexible Cycle Income Fund**

The definition of "Dealing Day" for the Sub-Fund will be changed from "each Business Day in each calendar week" to "the last Business Day at the end of each calendar month, except that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day will not be a Business Day and the Dealing Day will then mean the next Business Day". This change is made to lengthen the portfolio average maturity of the Sub-Fund. Based on a comparison of the existing investment portfolio of the Sub-Fund before the change and the Manager's anticipated investment portfolio of the Sub-Fund following this change, and taking into account current market conditions (such as interest rate movements), the Manager believes that this change will enhance the yield performance of the Sub-Fund's portfolio.

For the avoidance of doubt, the definition of Dealing Deadline and Valuation Day will remain as "4:00 p.m. (Hong Kong time) on the relevant Dealing Day" and "each Dealing Day" respectively.

It should be noted that, following the aforementioned change, investors investing in the Sub-Fund, can only subscribe into, or redeem from, the Sub-Fund on a monthly basis. Therefore, investors in the Sub-Fund would be subject to lower liquidity compared to investing in funds which have higher dealing frequencies. Investors in the Sub-Fund should take this into account when considering his/her own investment position. In addition, during market volatility or extreme market circumstances not occurring on a Dealing Day, investors may not be able to exercise his or her judgment and subscribe into, or redeem from, the Sub-Fund as timely as investors in funds which have higher dealing frequencies and investors may need to wait until the next Dealing Day which may be one month later. Accordingly, investors in the Sub-Fund may also rely more heavily on the Manager's ability to react to market movements than investors in funds which have higher dealing frequencies. In addition, as the

Sub-Fund has fewer dealing days compared to funds which have higher dealing frequencies, redemption requests may be more concentrated on a particular Dealing Day, which will in turn increase the likelihood of triggering restrictions on redemptions based on redemption sizes. This may further impact the liquidity of investors in the Sub-Fund.

The current restrictions on redemption applicable to this Sub-Fund would also be updated to reflect the above change to dealing frequency such that, where the Manager (with the approval of the Trustee) limits the number of Units of the Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units of the Sub-Fund in issue, Units not redeemed (but which would otherwise have been redeemed on the Dealing Day) will be carried forward for redemption, subject to the same limitation, to the next Business Day, until all such Units are redeemed. Ad-hoc valuation will be carried out on each of such Business Day(s) in addition to the regular valuation carried out on each Dealing Day for the sole purpose of redeeming these Units and these Units will be redeemed at the Redemption Price calculated by the ad-hoc valuation carried out on the relevant Business Day to which their redemption is carried forward. The Trustee will charge an ad-hoc valuation fee of HKD 7,800 for each ad-hoc valuation performed outside of a Dealing Day.

Save for the above, the subscription and redemption procedures of the Classes of Units of these Sub-Funds remain the same as disclosed in the Explanatory Memorandum and the Product Key Facts Statements of these Sub-Funds.

Costs and/or expenses that will be incurred in connection with this change, which are estimated to be approximately HKD 98,000 (i.e. 0.11% of the Net Asset Value of ChinaAMC Select Flexible Cycle Income Fund as of 27 November 2023), will be borne by the Sub-Fund and amortised over a period of five accounting periods starting from the Effective Date or such other period as the Manager may determine with the approval of the trustee of the Fund.

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Costs and/or expenses that will be incurred in connection with the changes of ChinaAMC Select Money Market Fund, ChinaAMC Select USD Money Market Fund and ChinaAMC Select Flexible Cycle Income Fund (as set out above) are estimated to be approximately HKD 45,000, HKD 45,000 and HKD 120,000 respectively. The breakdown of the costs and/or expenses are listed above.

Other than as set out in the above sections 1, 2 and 3 of this notice, the changes set out therein have no other implications on the feature and risks applicable to the relevant Sub-Funds, and there will be no change in the operation and/or manner in which such Sub-Funds are being managed.

In addition, other than as set out above, there is no change in the fee level / cost in managing these Sub-Funds following the implementation of the foregoing changes, and such changes will not materially prejudice existing unitholders' rights or interests.

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If you do not agree with the changes set out in the above sections 1, 2 and 3, you may switch your Units in the relevant Sub-Fund(s) to Units in another sub-fund of the Fund, free of conversion fee, or redeem your Units in the relevant Sub-Fund(s), free of redemption fee, pursuant to the procedures as set out in the Explanatory Memorandum.

If you agree with the changes, you may take no action and remain invested in the relevant Sub-Fund(s).

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#### **4. Change to the investment policy of ChinaAMC Select USD Money Market Fund**

Currently, to manage the liquidity risks of the Sub-Fund, the Sub-Fund may enter into repurchase transactions for up to 10% of its Net Asset Value.

As it is not anticipated that the Sub-Fund will engage in such transactions in the future, the Manager has decided to change the investment policy of the Sub-Fund to remove the use of repurchase transactions.

The foregoing change does not amount to a material change to the Sub-Fund. There will be no material change or increase in the overall risk profile of the Sub-Fund following the change. The change does not have a material adverse impact on Unitholders' rights or interests.

#### **5. Change of management fee level of ChinaAMC Select Stable Income Fund**

The current management fee level of the Class A of Units of the Sub-Fund will be increased from 0.20% to 0.35% per annum. As a result of the foregoing, the ongoing charges of Class A HKD Units and Class A USD Units over a year are estimated to be 0.45% of this Sub-Fund's Net Asset Value<sup>4</sup>.

There is no change to the maximum management fee level of 1.75% per annum as currently disclosed in the offering documents of the Fund and this Sub-Fund.

#### **6. Change of fees and expenses of ChinaAMC Select Flexible Cycle Income Fund**

The current management fee level of the Class A of Units of the Sub-Fund will be increased from 0.30% to 0.50% per annum.

The current trustee fee level of the Sub-Fund is 0.10% per annum (subject to a minimum monthly fee of HKD 32,000). The current trustee fee level of the Sub-Fund will be changed to 0.10% per annum where the Net Asset Value of the Sub-Fund is HKD 1 million or below, or 0.085% per annum where the Net Asset Value of the Sub-Fund is more than HKD 1 million, and subject to a minimum monthly fee of HKD 32,000.

As a result of the foregoing, the ongoing charges of Class A USD Units are estimated to be 0.45% of this Sub-Fund's Net Asset Value, the ongoing charges of Class A RMB Units, Class A USD (Hedged) Units and Class A RMB (Hedged) Units over a year are estimated to be 0.66% of this Sub-Fund's Net Asset Value; the ongoing charges of Class A HKD Units over a year are estimated to be 0.42% of this Sub-Fund's Net Asset Value; the ongoing charges of Class I USD Units, Class I HKD Units, Class I RMB Units, Class I USD (Hedged) Units are estimated to be 0.32% of this Sub-Fund's Net Asset Value and the ongoing charges of Class I RMB (Hedged) Units over a year are estimated to be 0.31% of this Sub-Fund's Net Asset Value.<sup>5</sup>

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The Explanatory Memorandum of the Fund and the Sub-Funds and the Product Key Facts Statements of the Sub-Funds will be amended to reflect the above updates as well as other administrative changes and will be made available at [www.chinaamc.com.hk](http://www.chinaamc.com.hk) (this website has not been reviewed by the SFC) in due course.

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<sup>4</sup> The ongoing charges figures of Class A HKD Units and Class A USD Units are an estimate only based on the revised management fee and the annualized expenses for the year ended 31 December 2022.

<sup>5</sup> The ongoing charges figures are an estimate only, based on the revised management fee, the revised trustee fee and annualized expenses for the year ended 31 December 2022.

Copies of the Trust Deed, together with all supplemental deeds, can be inspected 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.

Unitholders who have any enquiries regarding the above may visit the Manager's office or contact the Manager via its enquiry hotline at (852) 3406 8686 during office hours.

Yours faithfully,

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