

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

**ChinaAMC Select China Leap Equity Fund  
(the “Sub-Fund”)**

**NOTICE TO UNITHOLDERS IN RELATION TO TERMINATION OF THE SUB-FUND**

**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.**

Unless otherwise defined in this notice, all capitalised terms herein contained shall have the same meaning in this notice as in the Explanatory Memorandum of the Fund and the Sub-Fund dated October 2024, 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.

28 January 2025

Dear Unitholder,

We are writing to inform you as a Unitholder of the Sub-Fund that we have decided to terminate the Sub-Fund on or around 28 February 2025 (the “**Termination Date**”) after the Trustee and we have formed an opinion that the Sub-Fund has no outstanding contingent or actual liabilities or assets. We will also apply to the Securities and Futures Commission in Hong Kong (the “**SFC**”) for the withdrawal of authorisation of the Sub-Fund after such termination.

**Reason for the termination of the Sub-Fund**

Pursuant to Clause 8(C)(2)(b) of the Trust Deed of the Fund, and as disclosed in the Explanatory Memorandum, the Manager may terminate the Sub-Fund by notice in writing to the Trustee if on any date, the Net Asset Value of the Sub-Fund is less than RMB 10 million or the equivalent in other currencies. Pursuant to Clause 8(D) of the Trust Deed of the Fund, the Manager may by such notice fix the Termination Date, which date may not be less than one month, or any other period as may be required by the Commission, after serving notice.

As at 24 January 2025, the Net Asset Value of the Sub-Fund was HKD 2,640,868.49. Due to this small fund size, we believe it has become increasingly difficult to continue to manage the Sub-

Fund in a cost-efficient manner and is no longer economically viable to operate the Sub-Fund. As such, we have decided to seek termination of the Sub-Fund, and are of the view that the proposed termination of the Sub-Fund would be in the best interests of the investors of the Sub-Fund.

The Trustee has been consulted by the Manager on its decision to terminate the Sub-Fund and has no objection to the termination of the Sub-Fund.

### **Implications of termination**

From the date of this notice, the Sub-Fund will cease to accept any subscriptions from new or existing investors and will no longer be allowed to be marketed to the public in Hong Kong. The Sub-Fund will also cease to accept any redemptions or conversions from existing investors and cease dealing after the Dealing Deadline (as defined below).

From the date of this notice, depending on the redemptions or conversions from existing investors received (if any), the Manager may start to realise all underlying investments of the Sub-Fund and the Sub-Fund may hold a substantial amount of cash and thus not be able to fulfil its investment objective and strategy after the realisation of the Sub-Fund's underlying investments commences.

### **Alternatives available to you as a Unitholder of the Sub-Fund**

#### *Free Redemption / Conversion*

You may redeem your Units in the Sub-Fund or, subject to the consent of the Manager, convert all or part of your Units to Units of other SFC-authorized<sup>1</sup> sub-funds of the Fund on a Dealing Day from the date of this notice until 4:00 p.m. (Hong Kong time) on 7 February 2025 (the “**Dealing Deadline**”), free of any redemption fee or conversion fee. It is intended that the redemption proceeds will be paid within a period of five Business Days from the relevant Dealing Day and in any event within one calendar month from the day on which the Trustee has received a properly documented redemption request. Redemption of Units and payment of redemption proceeds will be subject to procedures as set out in the Explanatory Memorandum.

Please note that distributors of the Sub-Fund may impose earlier cut-off times before the Dealing Deadline for receiving instructions for redemptions or conversions. Distributors may charge redemption, conversion and/or transaction fees and/or impose dealing arrangements different than those set out herein. Investors should confirm the arrangements with their respective distributors on the arrangements and dealing procedures that are applicable to them.

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<sup>1</sup> The SFC's authorisation is not a recommendation or endorsement of the funds nor does it guarantee the commercial merits of the funds or their performance. It does not mean the funds are suitable for all investors nor is it an endorsement of the suitability of the funds for any particular investor or class of investors. Please refer to the offering documents of ChinaAMC Select Fund for details.

### *Distribution of Cash Proceeds after the Dealing Deadline*

If you choose to take no action before the Dealing Deadline, with effect on and from the Dealing Deadline, all the assets comprised in the Sub-Fund will be realised and all net cash proceeds derived from the realisation and available for the purposes of such distribution will be distributed to you in proportion to your holdings of those Units in the Sub-Fund as at the Dealing Deadline, free of any charges by the Manager. Please refer to the section “Implications of termination” above and the section “Arrangements after the Dealing Deadline” below.

### **Costs and expenses of termination**

As of the date of this notice, the Sub-Fund does not have any unamortised preliminary expenses.

As at 24 January 2025, the total expense ratios of Classes of Units of the Sub-Fund, based on the sum of ongoing expenses chargeable to the relevant Class of Units as a percentage of the average Net Asset Value of such Class, were as follows:

Class	Total expense ratio
Class A HKD Units	2.50%
Class A RMB Units	2.50%
Class I HKD Units	2.50%
Class I RMB Units	2.50%

The costs and expenses in relation to the termination (such as legal costs, translation fees and fees for termination audit), and the subsequent withdrawal of authorisation after termination (other than normal operating expenses such as transaction costs and any tax relating to realisation of the assets) of the Sub-Fund from the date of this notice (if any), will be borne by the Manager.

### **Arrangements after the Dealing Deadline**

Immediately after the Dealing Deadline, pursuant to Clauses 9(B) and 9(C) of the Trust Deed, all assets comprised in the Sub-Fund will be realised and all net cash proceeds derived from the realisation and available for the purposes of such distribution will be distributed to you, on or around 19 February 2025, in proportion to your holdings of those Units in the Sub-Fund as at the Dealing Deadline, free of any charges by the Manager.

## **Tax implications**

The Sub-Fund is exempted from profits tax in Hong Kong under Section 26A(1A)(a)(i) of the Inland Revenue Ordinance (“**IRO**”) during the period it is authorised by the SFC as a collective investment scheme under Section 104 of the Securities and Futures Ordinance.

Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for individuals and unincorporated business) will arise on any gains or profits sourced in Hong Kong made on the sale, redemption or other disposal of the Units where such transactions form part of a trade, profession or business carried on by a Unitholder in Hong Kong and such Units are not capital assets to the Unitholders. Ascertaining the classification of a gain as revenue or capital will depend on the particular facts and circumstances of the Unitholders. A two-tiered profits tax rates regime is applicable to any year of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HKD 2 million of assessable profits will be subject to a reduced tax rate at 50% of the standard profits tax rate (i.e. 8.25% for corporations and 7.5% for individuals and unincorporated business), with certain exceptions, and the remaining profits will be subject to the standard rate of 16.5% for corporations and 15% for individuals and unincorporated business. For a group of “connected entities” (as defined under Section 14AAB of IRO), only one entity within the group can elect to apply the two-tiered profits tax rates. Unitholders should take advice from their own professional advisers as to their particular tax position.

Distributions or other income distributions received by Unitholders from their investments in the Units would not be chargeable to tax in Hong Kong (whether by way of withholding or otherwise) under current legislation and practice.

The information on taxation provided in this notice do not constitute tax advice. You should consult your own professional advisors on the potential taxation consequences of the transfer, sale, redemption, conversion or otherwise disposal of your Units in the Sub-Fund.

## **Preparation of annual report covering the Termination Audit Period**

Under Chapter 11.6 of the SFC’s Code on Unit Trusts and Mutual Funds (the “**Code**”), the Manager is required to publish and distribute annual reports containing the information provided under Appendix E to the Code to Unitholders within 4 months of the end of the Sub-Fund’s financial year (which ends on 31 December in each year). Once financial reports are issued, Unitholders will be notified of where such reports, in printed and electronic forms, can be obtained within the relevant time frame.

As the Termination Date is expected to fall within 4 months of the last financial year ending on 31 December 2024, in order to minimise the operational costs, the Manager will rely on explanatory

note (2) to Chapter 11.6 of the Code, which permits the extension of the reporting period for the annual report in the case of fund termination and combine the annual report for the financial year ending on 31 December 2024 with the termination audit of the Sub-Fund covering the extended period from 1 January 2024 to the Termination Date (i.e. expected to be 28 February 2025) (the “**Termination Audit Period**”).

The Manager will publish the annual reports as follows:

- (a) the contents of the annual report for the Termination Audit Period (the “**Termination Audit Report**”) shall comply with the requirements under Chapter 4.5(f) and Appendix E to the Code and all other applicable provisions of the Code and other applicable laws and regulations; and
- (b) the Manager shall notify Unitholders of the Sub-Fund who hold Units in the Sub-Fund as at the Termination Date (by way of a notice on the Manager’s website) on or before the original due date for issuance of the annual report for the year ended 31 December 2024 (i.e. on or before 30 April 2025) of when the Termination Audit Report will be published, the start and end dates of the Termination Audit Period and where the hard copy and electronic copy of the Termination Audit Report may be obtained. The Termination Audit Report will be sent to the Unitholders as soon as practicable and in any event no later than 4 months after the Termination Date, and published on the Manager’s website for a period of at least one year after the Termination Date. The hard copies will also be made available free of charge from the office of the Manager.

The Manager confirms that Unitholders will not be prejudiced from the above arrangement under Chapter 11.6 of the Code. The Manager also confirms that, save as otherwise set out above, the Manager will continue to comply with all the other applicable provisions of the Code, the applicable provisions in the Trust Deed and other applicable laws and regulations in respect of the Sub-Fund.

### **Documents and enquiries**

Copies of the Trust Deed, together with all supplemental deeds, the Explanatory Memorandum of the Fund and the Product Key Facts Statement of the Sub-Fund 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 will be amended to reflect the termination and subsequent withdrawal of authorisation of the Sub-Fund in due course, and will be published on the Manager's website at [www.chinaamc.com.hk](http://www.chinaamc.com.hk)<sup>2</sup> as soon as practicable.

Investors 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**

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<sup>2</sup> The website has not been reviewed by the SFC.