

This announcement is important and requires your immediate attention. If you are in any doubt about the contents of this announcement, you should consult your bank manager, legal adviser, accountant or other independent financial adviser. China International Fund Management Co., Ltd. accepts full responsibility for the accuracy of the information contained in this announcement at the date of publication, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in these documents misleading.

**Announcement on China International Fund Management Co., Ltd.’s
Decision to Allow Its Mutually Recognized Funds to Invest in Stocks Listed on the Science and
Technology Innovation Board**

According to relevant laws and regulations and the provisions of fund contracts, the “CIFM China Multi-Assets Fund”, “CIFM China Sector Rotation Fund” and “CIFM China Emerging Power Fund” (hereinafter the “Mutually Recognized Funds”) of China International Fund Management Co., Ltd. (hereinafter the “Company” or “Fund Manager”) may invest in stocks listed on the Science and Technology Innovation Board (“STAR Market”). Details of this decision are as follows:

1. In accordance with the *Securities Law of the People’s Republic of China*, *Company Law of the People’s Republic of China*, *Implementation Opinions on Setting up the Science and Technology Innovation Board and Launching the Pilot Registration System for the Shanghai Stock Exchange*, *Measures for the Administration of the Registration of IPO Stocks on the Science and Technology Innovation Board (Trial)*, *Rules of the Shanghai Stock Exchange for Review of Issuance and Listing of Stocks on the Science and Technology Innovation Board* and other relevant laws and regulations, stocks publicly offered, listed and traded on the STAR Market have been lawfully issued and listed in China, and come under the scope of assets in which funds are allowed to invest, under the *Securities Investment Fund Law of the People’s Republic of China* (hereinafter the “Funds Law”), *Measures for the Administration of the Operation of Publicly Offered Securities Investment Funds* (hereinafter the “Operations Measures”) and the rules of the China Securities Regulatory Commission (“CSRC”).

2. The scope of investment specified in the fund contracts of the Mutually Recognized Funds conforms to the range of assets in which funds are allowed to invest under the Funds Law, the Operations Measures and the rules of the CSRC, and investment in listed stocks on the STAR Market also conforms with the investment objectives, strategy and scope, asset allocation ratios, and characteristics of risks and returns and risk control indicators provided in the fund contracts of the Mutually Recognized Funds.

3. The Fund Manager will invest in listed stocks on the STAR Market following the principle of

prudence, ensure effective risk management and rigorous fulfilment of related information disclosure obligations, and effectively safeguard the interests of fund investors. At the same time, the Fund Manager will advise the unitholders of the Mutually Recognized Funds to pay particular attention to the various types of risk that may arise from investment in listed stocks on the STAR Market.

Once invested in listed stocks on the STAR Market, the funds' assets will be exposed to characteristic risks caused by differences in investment targets, market systems and trading rules under the STAR Market mechanism, including but not limited risks related to liquidity, delisting, investment concentration and market conditions, systematic risks, risks resulting from share-price fluctuations and policy risk. The funds may choose to invest, or not to invest, a portion of their assets in listed stocks on the STAR Market, in light of their respective investment strategies and changes in market conditions. The funds' assets will not necessarily be invested in listed stocks on the STAR Market.

Risks associated with investing in listed stocks on the STAR Market include:

(1) Liquidity risk for listed stocks on the STAR Market

The STAR Market has high investor eligibility barriers, and individual investors must meet certain conditions to be allowed to invest in listed stocks on the STAR Market. As a result, the STAR Market may have limited liquidity relative to other stock market boards. If consistent expectations are formed among institutional investors, there may be a risk that stocks cannot be transacted.

(2) The risk of listed companies on the STAR Market being delisted

The STAR Market has relatively stricter criteria for stock delisting, and temporary listing suspension, listing resumption and re-listing systems have not been set under the STAR Market. This means that companies listed on the STAR Market have greater exposure to delisting risk, which may adversely affect the funds.

(3) Investment concentration risk

As a newly established board, the STAR Market will initially offer a relatively limited number of investment targets, and investors could easily end up concentrating on a small number of stocks. Such limited focus in the market would pose a risk of investment concentration.

(4) Market risk

Most companies listed on the STAR Market specialize in high- and new-tech areas and emerging strategic industries, such as next-generation information technology, high-end equipment, new materials, new energy, energy conservation and environmental protection and biomedicine. Most of these

companies are startups with uncertain earnings, cash flow and valuation prospects. Therefore, there are differences between investments in the STAR Market and investments in the traditional secondary market. It is overall more difficult to have investment in the STAR Market and the listed stocks on the STAR Market have greater exposure to market risks.

Price Fluctuation limits do not apply to listed stocks on the STAR Market during the first five days after listing, and a daily price fluctuation limit of 20% applies from the sixth day onward. Relative to other boards, greater share price fluctuations are allowed on the STAR Market, and market risks increase accordingly.

(5) Systematic risk

All listed companies on the STAR Market are innovative technology enterprises that have gained a relatively high level of market recognition. They tend to have similar operating and profit models, so there is a relatively high degree of correlation among listed stocks on the STAR Market. A market downturn will lead to significant systematic risks.

(6) Stock-price fluctuation risk

A market-oriented approach is adopted for determining the prices, issue sizes and tempo of initial public offerings (IPOs) on the STAR Market. Institutional investors will play a dominant role in quotation, pricing and placement activities. The quotation-based pricing model is adopted for all stock offerings on the STAR Market, and quotations will only be limited to seven types of professional institutional investors including securities companies. Individual investors cannot be directly involved in the issue-pricing process. Furthermore, given the typical characteristics of listed companies on the STAR Market — such as a high degree of technological innovativeness, uncertain performance prospects, huge earnings fluctuations and high risk — only a limited number of comparable companies will be available in the market, traditional valuation methods may not apply and pricing will be more difficult. After listing, listed stocks on the STAR Market may face the risk of price fluctuation.

(7) Policy risk

Any change in the level of support offered by the state for, and the level of importance that it attaches to, the high- and new-tech industries will have a major impact on listed companies on the STAR Market. Changes in the global economic situation will also have policy-level implications for emerging strategic industries and listed stocks on the STAR Market.

The Fund Manager will revise important notes and risk disclosure sections of the prospectuses

of the Mutually Recognized Funds in future updates of the prospectus of the Mutually Recognized Funds accordingly.

Risk Disclosure:

The Fund Manager undertakes to manage and use the Fund's assets according to the principles of honesty, good faith, diligence and prudence, but does not guarantee any profits or minimum returns on the funds. Investors are advised to pay due attention to the investment risks.

To obtain further details about the funds, please carefully read the legal documents concerning the aforementioned funds, including the *Fund Contracts* and *Prospectus* and relevant business announcements.

This Announcement is hereby issued.

China International Fund Management Co., Ltd.

26th June, 2019

Should you have any questions regarding the contents of this announcement, please contact JPMorgan Funds (Asia) Limited:

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