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China International Fund Management Co., Ltd. (CIFM)

Announcement on Amendments to the Fund Contract of CIFM China Multi-Assets Fund

In accordance with the provisions of the *Securities Investment Fund Law of the People's Republic of China*, the *Administrative Measures on the Operation of Publicly Offered Securities Investment Funds*, and the agreements in the Fund Contract of CIFM China Multi-Assets Fund (hereinafter referred to as the "Fund"), China International Fund Management Co., Ltd. (hereinafter referred to as the "Company") has decided to amend the Fund Contract for the inclusion of Chinese depositary receipts in the investment scope and the introduction of the side pocket mechanism in accordance with the *Administrative Measures on Issuance and Trading of Chinese Depositary Receipts (Trial)* promulgated and implemented by the China Securities Regulatory Commission (CSRC) on June 6, 2018 and the *Guidelines on Introduction of Side Pocket Mechanism by Publicly Offered Securities Investment Funds (Trial)* promulgated on July 10, 2020 and implemented from August 1, 2020 by the CSRC, as well as the relevant provisions in the Fund Contract of the Fund after negotiation and agreement with the Fund Custodian, and the relevant contents of the Custody Agreement are amended accordingly. We hereby announce to make the below amendments as follows:

I. Basic Information about the Amendments

1. In accordance with the provisions of the *Administrative Measures on Issuance and Trading of Depositary Receipts (Trial)* promulgated by the CSRC on June 6, 2018 and implemented from the date of promulgation, we have amended legal documents

such as the Fund Contract concerning the Fund's participation in Chinese depository receipts investment, mainly including clarification on the inclusion of Chinese depository receipts into the investment scope and the addition of investment strategies, investment percentage limit and valuation method of Chinese depository receipts, etc.

2. In accordance with the provisions of the *Guidelines on Introduction of Side Pocket Mechanism to Publicly Offered Securities Investment Funds (Trial)* promulgated by the CSRC on July 10, 2020 and implemented from August 1, 2020, we have amended legal documents such as the Fund Contract for the introduction of the side pocket mechanism, mainly including the addition of conditions for the introduction of the side pocket mechanism, and subscription and redemption, investment, valuation, expenses, income distribution, information disclosure and arrangement of fund unitholders' meetings during the implementation of the side pocket mechanism, etc.

II. Main Contents of the Amendments

(I) Amendments concerning the inclusion of Chinese depository receipts into the investment scope of the Fund

Amendments concerning the inclusion of Chinese depository receipts into the investment scope of the Fund involve contents in the following sections: Preface, Investments of the Fund, and Valuation of Fund Assets. Specifically this includes:

1. Addition of the below risk disclosure for investment in Chinese depository receipts within the "I. Preface" section of the Fund Contract

"The Fund is allowed to invest in Chinese depository receipts. In addition to the common risks faced by other funds that only invest in the stocks listed on the Shanghai and Shenzhen Stock Markets, the Fund's assets will also be exposed to the risks resulting from large price fluctuations of the Chinese depository receipts and even large losses, as well as the risks associated with Chinese depository receipts issuance mechanism."

2. Amendments to the "XII. Investments of the Fund" section of the Fund Contract

(1) Clarification that Chinese depository receipts are included within the "(II)

Investment Scope" and amendment of the "(II) Investment Scope" to:

"The investment scope of the Fund includes financial instruments with good liquidity, including stocks that are issued and listed in China, **Chinese depositary receipts**, bonds, and other financial instruments which are permitted for fund investment by relevant laws and regulations or the CSRC. "

(2) Descriptions concerning the addition of investment strategies for Chinese depositary receipts within the "(IV) Investment Strategies" are as follows:

"4. Investment strategies for Chinese depositary receipts

The Fund will invest in Chinese depositary receipts according to the Fund's investment objectives and stock investment strategies, and base on in-depth research and judgment on the investment value of the underlying securities."

(3) Descriptions concerning the addition of the percentage limit for the Fund's investment in Chinese depositary receipts within the "(VII) Investment Restrictions" are as follows:

"(13) The percentage limit of the Fund's investment in Chinese depositary receipts shall conform with that of domestically listed and traded stocks, and shall be calculated in combination with domestically listed and traded stocks, unless otherwise provided by the Laws and Regulations or regulatory authorities."

3. Amendments to the "XIV. Valuation of the Fund Assets" section of the Fund Contract

(1) Descriptions concerning the addition of valuation methods for Chinese depositary receipts within the "(II) Valuation Methods" are as follows:

"2. The valuation calculation of the Fund's Chinese depositary receipts investment shall be carried out in accordance with that of the domestic listed stocks."

(2) Descriptions concerning the addition of Chinese depositary receipts within the "(III) Valuation Targets " are as follows:

"They include assets such as stocks, **Chinese depositary receipts**, warrants, bonds, principal and interest of bank deposits, receivables and other investments possessed by the Fund. "

4. Risks for investment in Chinese depository receipts will be disclosed in the updated Fund Prospectus.

5. Articles of the Custody Agreement relating to the above contents are amended accordingly.

(II) Amendments concerning the introduction of the side pocket mechanism by the Fund

The amendments concerning the introduction of the side pocket mechanism by the Fund involve the following sections of the Fund Contract: Preface, Definitions, Subscription and Redemption of Fund Units, Parties to the Fund Contract and Their Respective Rights and Obligations, Fund Unitholders' Meeting, Investments of the Fund, Valuation of Fund Assets, Expenses and Taxes of the Fund, Fund Income and Distribution and Information Disclosure of the Fund. Specifically this includes:

1. Addition of descriptions concerning the implementation of the side pocket mechanism by the Fund Manager in the "I. Preface" section of the Fund Contract, which include:

"When the Fund holds specific assets and there are, or there potentially will be substantive redemption applications, the Fund Manager can start the side pocket mechanism after performing the corresponding procedures. For details, please refer to the relevant chapters of the Fund Contract and this Prospectus. During the implementation of the side pocket mechanism, the Fund Manager will make a special mark on the Fund's abbreviation and will not process any subscription or redemption of the side pocket account. Unitholders of the Fund are requested to read the relevant content carefully and pay attention to the specific risks when the Fund implements the side pocket mechanism."

2. Addition of definitions of the "Side Pocket Mechanism" and "Specific Assets" within the "II. Definitions" section of the Fund Contract, which include:

"59. Side Pocket Mechanism: The separation of specific assets in the Fund's investment portfolio from the original account to a special account for disposal and liquidation. The purpose is to effectively separate and resolve risks and ensure

that investors are treated fairly. It is a liquidity risk management tool. During the implementation of the side pocket mechanism, the original account is referred to as the main pocket account, and the special account is referred to as the side pocket account."

"60. Specific Assets: Including: (1) Assets that have no reference active market prices and the use of valuation techniques still leads to significant uncertainty in their fair value; (2) Assets that are measured at amortized cost and the provision for asset impairment still leads to major uncertainties in the value of assets; and (3) Other assets with major uncertainties in the value of assets."

3. Amendments to the "VI. Subscription and Redemption of Fund Units" section of the Fund Contract

(1) Amendments to the "(VI) Rejection or Suspension of Subscription" section are as follows:

"7. The Fund Manager, after consulting with the Fund Custodian, shall suspend accepting subscription applications if the **specific assets** account for more than 50% of the Fund's NAV on the previous valuation day;"

(2) Amendments to the "(VII) Suspension of Redemption or Deferral Payment of Redemption Monies" section are as follows:

"5. The Fund Manager, after consulting with the Fund Custodian, shall postpone issuing payments for redemption or suspend accepting redemption applications if the **specific assets** account for more than 50% of the Fund's NAV on the previous valuation day."

(3) Addition of the below descriptions concerning "(XIV) Subscription and Redemption of the Fund during the Implementation of the Side Pocket Mechanism":

"(XIV) Subscription and Redemption of the Fund during the Implementation of the Side Pocket Mechanism

If the Fund implements the side pocket mechanism, please refer to the "Side Pocket Mechanism" section of this Prospectus or relevant announcements to be released on the occasion for details of the Fund's subscription and redemption arrangements."

4. Amendments to the interests of "Fund Unitholders" for units held within the "VII. Parties to the Fund Contract and Their Respective Rights and Obligations" section of the Fund Contract are as follows:

"Unless otherwise provided by laws and regulations or otherwise agreed upon in the Fund Contract, each fund unit in the same class shall have the same equal legitimate interests."

5. Amendments to the "VIII. Fund Unitholders' Meeting" section of the Fund Contract

(1) Amendments to the voting rights of Fund Unitholders for each unit they hold are as follows:

"Unless otherwise provided by laws and regulations or otherwise agreed upon in the Fund Contract, each fund unit held by the Unitholders shall have equal voting rights."

(2) Descriptions concerning the addition of the Special Agreement on the Unitholders' Meeting during the Implementation of the Side Pocket Mechanism are as follows:

"(X) Special Agreement on the Unitholders' Meeting during the Implementation of the Side Pocket Mechanism

If the Fund implements the side pocket mechanism, the proportion of relevant fund units or voting rights refers to that the proportion of the fund units or voting rights held or represented by the main pocket account Unitholders and those of the side pocket Unitholders conforms with such proportion respectively. In case when the matters to be deliberated for convening the Unitholders' meeting do not involve the side pocket account, then it only refers to that the proportion of the fund units or voting rights held or represented by the main pocket account Unitholders conforms with such proportion:

1. Fund Unitholders shall individually or collectively represent more than 10% (inclusive) of the relevant fund units to exercise the rights to propose, convene, and nominate;

2. Participants attending the meeting represent no less than half (inclusive) of

the relevant fund units of the Fund on the registration date of interests;

3. The fund units representing the shareholdings of the Unitholders who submit voting opinions directly by their own or by their authorized representatives on their behalf account for no less than half (inclusive) of the total number of fund units on the registration date of interests;

4. When the fund units held by the Unitholders participating in the voting at the Unitholders' meeting represent less than one-half of the relevant fund units on the registration date of interests, the convener shall reconvene a Unitholders' meeting on the original matters to be deliberated after 3 months and within 6 months of the original announced convene date of the Unitholders' meeting and have Unitholders to participate or authorize representatives to participate in voting at the Unitholders' meeting representing more than one-third (inclusive) of the relevant fund units;

5. A representative shall be selected as the host of the Unitholders' meeting by a majority votes cast by the attending Unitholders and the proxies representing more than 50% (inclusive) of fund units;

6. A general resolution shall be approved by more than one-half (inclusive) of the voting rights held by the Unitholders (or their proxies) who attend the meeting;

7. A special resolution shall be approved by more than two-thirds (inclusive) of the voting rights held by the Unitholders (or their proxies) who attend the meeting.

During the implementation of the side pocket mechanism, if the matters to be deliberated at the Unitholders' meeting involve the main pocket account and the side pocket account, the Unitholders of the main pocket account and the side pocket account shall vote respectively. Each fund unit of the same category in the main pocket account and the side pocket account has equal voting rights. If the voting matter does not involve the side pocket account, the units of the side pocket account shall have no voting rights.

During the implementation of the side pocket mechanism, the relevant provisions of the Unitholders' meeting shall be subject to the special provisions of

this Section, and the relevant provisions of the above shall apply to the matters not provided in this Section."

6. Descriptions concerning the addition of Implementation and Investment Operation Arrangements of the Side Pocket Mechanism within the "XII. Investments of the Fund" section of the Fund Contract are as follows:

“(IX) Implementation and Investment Operation Arrangements of the Side Pocket Mechanism

When the Fund holds specific assets and there are, or there potentially will be substantive redemption applications, in accordance with the principle of protecting the interests of Unitholders to the greatest extent, the Fund Manager can activate the side pocket mechanism in accordance with laws and regulations and as agreed in the Fund Contract without convening a Unitholders’ Meeting for deliberation after negotiation and agreement with the Fund Custodian and consultation with the Accounting Firm.

During the implementation of the side pocket mechanism, the investment portfolio ratios, investment strategies, portfolio restrictions, performance comparison benchmarks, and risk-return characteristics agreed in this Section are only applicable to the main pocket account.

The implementation conditions, implementation procedures, operation arrangements, investment arrangements, disposal, realisation and payment of specific assets and other matters of the side pocket account that have a significant impact on Investors’ rights and interests are detailed in the “Side Pocket Mechanism” chapter of this Prospectus.

The Fund Custodian shall review and supervise the activation of the side pocket mechanism, disposal of specific assets, and information disclosure in accordance with the provisions of relevant laws and regulations and the agreement of the Fund Contract."

7. Amendments to the "XIV. Valuation of the Fund Assets" section of the Fund Contract

(1) Amendments to the "(VI) Circumstances of Suspension of Valuation" section

are as follows:

"3. The Fund Manager shall, after consulting with the Fund Custodian, suspend valuation if the **specific assets** account for more than 50% of the Fund's NAV on the previous valuation day."

(2) Descriptions concerning the addition of fund asset valuation during the implementation of the side pocket mechanism are as follows:

"(VIII) Fund Asset Valuation during the Implementation of the Side Pocket Mechanism

If the Fund implements the side pocket mechanism, valuation of the assets of the main pocket account and disclosure of the fund NAV information of its main pocket account should be made in accordance with the provisions of this Section, and the disclosure of the NAV per Fund Unit of the side pocket account should be suspended."

8. Descriptions concerning the addition of fund expenses during the implementation of the side pocket mechanism in the "XV. Expenses and Taxes of the Fund" section of the Fund Contract are as follows:

"(VI) Fund Expenses during the Implementation of the Side Pocket Mechanism

If the Fund implements the side pocket mechanism, the fees related to the side pocket account can be paid out of the side pocket account, but only after the realisation of the assets of the side pocket account. The relevant fees can be charged or reduced as appropriate, but management fees shall not be charged. Please refer to the provisions of the "Side Pocket Mechanism" chapter of this Prospectus or related announcements for details."

9. Descriptions concerning the addition of income distribution during the implementation of the side pocket mechanism within the "XVI. Fund Income and Distribution" section of the Fund Contract are as follows:

"(VI) Income Distribution during the Implementation of the Side Pocket Mechanism

If the Fund implements the side pocket mechanism, the side pocket account

does not make income distribution. Please refer to the provisions of the “Side Pocket Mechanism” chapter of this Prospectus for details.”

10. Descriptions concerning the addition of information disclosure during the implementation of the side pocket mechanism in the " XVIII. Information Disclosure of the Fund" section of the Fund Contract are as follows:

" (XIII) Information Disclosure during the Implementation of the Side Pocket Mechanism

If the Fund implements the side pocket mechanism, the relevant information disclosure obligors shall disclose information in accordance with laws and regulations, the Fund Contract, and the Prospectus. Please refer to the provisions of the “Side Pocket Mechanism” chapter of this Prospectus for details.”

11. Addition of a "Side Pocket Mechanism" chapter and disclosure of the risks arising from the implementation of the side pocket mechanism within the updated Fund Prospectus.

12. Articles of the Custody Agreement relating to the above contents are amended accordingly.

III. Important Notes

With regard to the amendments to the Fund Contract, the corresponding contents of the Custody Agreement and the Prospectus are also amended accordingly. For details, please refer to the updated Fund Contract, Custody Agreement and Prospectus of the Fund published on the Company's website (www.cifm.com) and the Electronic Information Disclosure website of CSRC (<http://eid.csrc.gov.cn/fund>).

The amendments to the Fund Contract of the Fund, which are made in accordance with the *Administrative Measures on Issuance and Trading of Depository Receipts (Trial)* and the *Guidelines on Introduction of Side Pocket Mechanism to Publicly Offered Securities Investment Funds (Trial)*, do not have a substantial adverse impact upon interests of fund unitholders and are as a result of amendments in corresponding laws and regulations. Therefore, fund unitholders' meetings are not required according to the Fund Contract of the Fund.

The amendments will come into force on April 21, 2021.

Investors can call our customer service hotline (400-889-4888) or visit our website (www.cifm.com) to obtain relevant information.

Risk Disclosure:

The Fund Manager undertakes to manage and operate the Fund's assets following the principles of honesty, good faith, diligence and responsibility. But it does not guarantee any profits or minimum returns on the Fund. The Fund's past performance is not indicative of its future performance. The performance of other funds managed by the Fund Manager does not constitute a guarantee as to the performance of the Fund. Investment involves risks. Investors are advised to read through the legal documents associated with the Fund carefully, and select investment products that match their risk tolerance.

Announcement is hereby given.

China International Fund Management Co., Ltd. (CIFM)

April 21, 2021

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

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