

ASX Announcement

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Manager
ASX Market Announcements
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AMP Capital China Growth Fund (ASX: AGF) Update on monitoring of enhancements and cancellation of LIM EGM

The responsible entity ("RE") of the AMP Capital China Growth Fund ("the Fund"), AMP Capital Funds Management Limited (AFSL 426455), refers to the enhancements to the Fund announced on 17 September 2015 and its announcement in relation to monitoring the impact of those enhancements on the discount of unit trading price to net asset value per unit ("Discount") on 23 September 2015.

The RE also refers to its announcement on 19 October 2015, that LIM Asia Multi-Strategy Fund ("LIM") and the RE have agreed to take all steps necessary to adjourn the Extraordinary General Meeting ("LIM EGM") it had previously convened to a date to be agreed.

The purpose of this announcement is to update unitholders, including in relation to:

- the cancellation of the LIM EGM; and
- the manner and timing for monitoring the impact of the recently announced enhancements on the Fund including an Extraordinary General Meeting which the RE intends to hold in July 2016.

Enhancements

As announced on 17 September the RE completed a comprehensive Strategic Review and determined to make certain enhancements to the Fund in the best interests of all unitholders. These enhancements were to:

Implement the Shanghai-Hong Kong Stock Connect trading platform
(Update –the RE is in the process of appointing a custodian and broker to open accounts to enable the Fund to trade on the Stock Connect trading platform)

Establish an ongoing Advisory Committee composed of external members
(Update – completed)

Alter the default DRP election to allow new investors to opt-in, rather than requiring them to opt-out
(Update - will apply in respect of the distribution for the year ending 31 December 2015)

Enhance the Fund's disclosure by providing daily Net Asset Value estimates and a breakdown of the Fund's fees to make the underlying components more transparent
(Update - in progress)

Improve marketing of the Fund, including the appointment of a dedicated Head of Investor Relations
(Update - dedicated Head of Investor Relations appointed, and marketing ongoing)

Taken together, the RE believes these changes should benefit unitholders, including by increasing demand, which could assist in narrowing the Discount.

15% Reference Point

As announced on 23 September 2015, the RE has also adopted a Discount reference point of 15% ("15% Reference Point") for considering the Discount as part of the evaluation of whether the Fund remains fit-for-purpose.

The RE has also announced that, should the enhancements not reduce the Discount below the 15% Reference Point, the RE will consider additional strategic options (including capital management) to unlock value.

LIM has expressed the view that the Discount should be no more than 10%. The RE has agreed to take this view into account in its considerations, in particular in relation to any additional strategic options to unlock value.

Timetable for monitoring enhancements

To assist unitholders in better understanding the manner in which it intends to monitor enhancements and evaluate whether the Fund remains fit-for-purpose, the RE intends to implement the following timetable:

Action	Expected Timing
Implement each of the enhancements set out in the RE's announcements of 17 September 2015 and 23 September 2015	By 1 January 2016
RE to monitor the effectiveness of the enhancements including the level of the Discount (if any)	Up to 31 March 2016
RE to conduct an evaluation of whether the Fund remains fit for purpose including consultation with unitholders	Late April/Early May
RE to announce results of RE's monitoring and its evaluation of whether the Fund remains fit for purpose	Late April/Early May

In evaluating whether the Fund remains fit for purpose and in considering any strategic options the RE should pursue, the RE will continue to consult widely with both institutional and retail unitholders.

Advisory Committee

The ongoing Advisory Committee composed of external members has been established and has already met on 4 occasions in connection with the strategic review and the LIM EGM. The charter for the Advisory Committee can be found at www.ampcapital.com.au/china. The functions of the Advisory Committee include advising the RE on strategic issues and assisting the board of the RE in determining whether the Fund continues to be fit for purpose.

Some unitholders have expressed the view that the Advisory Committee would be strengthened by the appointment of an additional member that has expertise as an investor in Asian securities. The RE believes that such an appointment would be beneficial to the operation of the Advisory Committee and is currently considering potential candidates. The RE will update unitholders once it has appointed an additional member to the Advisory Committee with the appropriate expertise.

Extraordinary General Meeting in July

Once the RE has announced the results of its monitoring of the enhancements and its evaluation of whether the Fund remains fit for purpose, it intends to call an Extraordinary General Meeting which will be held during July 2016 ("July EGM").

At the July EGM, unitholders will be invited to ask any questions they wish to ask of the RE in relation to the strategic options the RE has considered. Furthermore, if entitled under section 252L of the Corporations Act 2001 (Cwlth)¹, unitholders will be able to move any special or extraordinary resolution that they wish to be considered at that meeting. Unitholders are also welcome to discuss any resolutions they consider appropriate with the RE after March/April 2016 when the RE consults with unitholders.

To assist unitholders in formulating any questions they may seek to ask or actions they may like to take at the July EGM, the Notice of Meeting and accompanying explanatory materials for the July EGM will:

- describe the RE's strategy for the Fund in 2016 and beyond;
- outline any other actions which the RE believes are necessary to implement in addition to the enhancements already adopted; and
- outline any actions which the RE considered but determined not to adopt and the reasons for not doing so.

The RE also believes that it would be convenient to deal with the continued appointment of AMP Capital Investors Limited ("Investment Manager") as the current investment manager for the Fund at the July EGM.

The Investment Manager is the holder of the Fund's QFII (Qualified Foreign Institutional Investor) allocation enabling it to access the China A-Share market. Under the terms of the current contract, if unitholders approve the continued appointment of the Investment Manager at a meeting held in the 12 month period before 9 November 2016, then the contract will continue for a period of 10 years. However, the RE is considering whether the term of the extended contract should be for a period of less than 10 years. The RE intends to obtain advice from the Advisory Committee and investor feedback in relation to both this issue and other key commercial terms of the contract prior to the July EGM.

It is expected that the Notice of Meeting and accompanying materials for the July EGM will be released at least four weeks prior to the meeting to allow unitholders adequate time to assess them.

The RE intends to appoint a suitably qualified independent Chair for the July EGM.

Cancellation of LIM EGM

Discussions with LIM in relation to the LIM EGM have now concluded. LIM and the RE have agreed that they will take all steps necessary to cancel the LIM EGM on 30 October 2015.

On the basis of the actions outlined by the RE above, including holding the July EGM, LIM has informed the RE that neither it nor any other fund managed by LIM Advisors Limited (or any of their associates or related bodies corporate) will call or request that the RE calls another extraordinary general meeting prior to 30 July 2016.

Instead of convening a meeting, LIM has reserved its rights to put resolutions at the July EGM.

¹ Sections 252L and 252M of the Corporations Act 2001 (Cwlth) require that resolutions validly proposed by eligible unitholders must be put at the next general meeting that occurs more than two months after the RE receives notice of the proposed resolutions. Accordingly, the meeting will be held at least nine weeks after the date that the RE announces the results of the RE's monitoring of the enhancements and its evaluation of whether the Fund remains fit for purpose.

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