

Important Information

1. BOCHK All Weather Belt and Road Bond Fund (the “Sub-Fund”) is a Sub-Fund of BOCHK Wealth Creation Series.
2. The Sub-Fund aims to provide income and capital growth over the medium to longer term by investing primarily in fixed income securities issued by governments, government agencies, supra-nationals, banks or companies which are domiciled in or derive substantial revenue from or have significant business or economic activities in the Belt and Road countries/regions (Definition please refer to the Sub-Fund’s relevant appendix and product key facts) or are denominated in the local currencies of the relevant Belt and Road countries/regions.
3. Investment involves risks. The Sub-Fund involves significant risks including but not limited to market risk, concentration risk, emerging markets risk, risks related to the Belt and Road Initiative, Eurozone risk, currency risk, risks relating to debt securities (including but not limited to credit risk, interest rate risk, downgrading risk, volatility and liquidity risk, sovereign debt risk, valuation risk and risk relating to credit ratings), RMB currency risk/risks relating to RMB denominated securities, risks of investing in convertible bonds, risks associated with distribution out of capital, risks relating to hedging and the hedged classes, etc. Past Performance is not indicative of future performance. The value of the Sub-Fund can be volatile. Investors may not get back the full amount of capital invested or may suffer significant loss.
4. The Manager may at its discretion pay distribution out of, or effectively out of, capital of the Sub-Fund. Investors should note that the payment of distributions out of, or effective out of, capital represents a return or withdrawal of part of the amount the investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of, or effectively out of, capital of the Sub-Fund may result in an immediate reduction of the net asset value of the relevant classes of Units.
5. Investors should not solely rely on this leaflet to make any investment decision. Please refer to the Explanatory Memorandum and the relevant appendix in detail (including the full text of risk factors stated therein) about the Sub-Fund.

20 February 2019

**BOCHK Asset Management Launches
BOCHK All Weather Belt and Road Bond Fund**

BOCHK Asset Management Limited (“BOCHK Asset Management”), a wholly owned subsidiary of BOC Hong Kong (Holdings) Limited (“the Company”), announced the launch of BOCHK All Weather Belt and Road Bond Fund (the “Fund”). The Fund aims to provide income and capital growth over the medium to longer term by investing primarily in fixed income securities issued by governments, government agencies, supra-nationals, banks or companies which are domiciled in or derive substantial revenue from or have significant business or economic activities in the Belt and Road countries/regions¹ or are denominated in the local currencies of the relevant Belt and Road countries/regions¹.

Mr Shen Hua, Chief Executive Officer at BOCHK Asset Management, said, “The Belt and Road Initiative covers over 70² countries/regions, which runs through the continents of Asia, Europe, the Middle East and Africa. The countries along the Belt and Road Initiative constitute over 33%³ of the world’s gross domestic product (GDP) and nearly 40%³ of world trade. In 2019, growth in the world’s developed economies is expected to slow down simultaneously and emerging market economies will become a new spotlight in global economic growth. The Belt and Road Initiative covers mostly developing countries whose economies are growing at relatively high speed, enjoying the benefits from population growth, huge demand for infrastructure and the technology upgrade. It is especially apparent in Asia’s emerging markets with an average economic growth rate that is several times higher than that of developed countries in Europe and America. Currently, the total size of bond markets in the Belt and Road countries/regions exceeds US\$22 trillion, in which there are many investment opportunities to be explored.”

Mr Han Jian Chiu, Chief Investment Officer at BOCHK Asset Management, said, “In 2019, the US Federal Reserve may slow down the interest rate hike. As a result, the currencies of some emerging markets are expected to appreciate and foreign investors can profit from the currency appreciation by purchasing assets in respective local currencies. Besides USD bonds, the Belt and Road bond markets also offer other local currency bonds issued by the governments and enterprises; especially in Asian markets, some of the local currency bonds are having higher yields than those denominated in USD. This brings more diversified investment options to investors.

The trade friction between China and the US has been going on for some time and the market has already digested most of the information, meaning that its scope of influence has gradually weakened. Not only have the profitability indicators of enterprises in Asia maintained a good growth trend, enterprises’ financial standing also tends to be stable. General capital expenditures such as mergers and acquisitions activities have been slowing down, causing the average leverage ratio to be at a lower level. In terms of bond supply, Asia’s overall bond issuance in 2019 will be basically the same as in 2018. However, the relatively high amount of bonds and interests maturing in 2019 will lead to a significant reduction in net supply, and hence providing support for market prices. Bonds issued by enterprises in the Chinese mainland have constituted 60% of the total Asian bonds, making them very important in the market. In 2019, the liquidity in the mainland market is expected to be relatively loose, and the pace of de-leveraging would slow down gradually. In particular, as the interest rate of offshore USD bonds of the Chinese mainland enterprises is generally higher than that of onshore bonds, the Chinese offshore USD bonds is likely to be in the spotlight. It is worth mentioning that the performance of Asian bond market was relatively weak in 2018. Compared to the similar rated bonds in Europe and America, the credit spread of USD bonds issued by Asian enterprises has widened significantly. This shows that the Asian enterprise bond prices are relatively low. With the slowdown of US economic growth, and a higher chance for the US Federal Reserve to slow down or suspend the interest rate hike, it is expected that some international funds will be withdrawn from developed markets and channelled into emerging markets in Asia. This may be more attractive for investors to add assets of Belt and Road countries in their portfolio.”

With regard to investment strategy for the Fund, **Mr Ben Yuen**, Chief Investment Officer, Fixed Income at BOCHK Asset Management, said, “The Fund offers dynamic allocation between bonds denominated in USD and local currency, high-rated and high-yield, and fixed-rate and floating-rate bonds in the Belt and Road countries/regions. Among them, our focus will be on Asian bonds to fully capture the investment opportunities in the Belt and Road countries/regions. In addition, the Fund is designed to pay distribution on a monthly basis, which may be paid out of capital. The Fund intends to declare its first distribution three months after the fund launch.”

The Fund is available in USD, HKD and RMB (Hedged) share classes with minimum initial subscription amounts of US\$1,000, HK\$10,000 and RMB10,000 respectively. Initial offering period starts from 21 February 2019 to 14 March 2019⁴.

Notes:

1. “Belt and Road countries/regions” in this press release means the Chinese mainland, Hong Kong, Macau, Taiwan, and the cooperating countries which are listed on the official website of the Belt and Road Initiative hosted by the Chinese State Information Center, or announced by relevant Chinese mainland authorities by other means, which may be updated from time to time.
2. Source: The Chinese mainland’s “Belt and Road Portal” hosted by the State Information Centre, as of 31 December 2018.
3. Source: “Big Data Report on Trade Cooperation under the Belt and Road Initiative 2018” published on 8 May 2018 by the State Information Center.
4. The initial offering period of the Fund starts from 21 February 2019 9:00 am (Hong Kong time) to 14 March 2019 5:00 pm (Hong Kong time) (or such dates or time as the Manager and the Trustee may determine). It is expected that the first dealing day will be 15 March 2019. If such date is not a business day, the following day will be first dealing day.

This press release is issued by BOCHK Asset Management Limited. This press release has not been reviewed by the Securities and Futures Commission (“SFC”) of Hong Kong. This press release is for informational purposes only and does not constitute any offer or recommendation to anyone to invest in the Fund. Investors should not solely rely on this press release to make any investment decision or any other decision. Any investment decision should be based on appropriate professional advice specific to the investors’ needs. The Fund does not have any guarantees. Investors may not get back the full amount of money they invest. Investment involves risk. Past performance is not indicative of future performance. Please refer to offering documents (including the Explanatory Memorandum) for further details including but not limited to the full text of risk factors stated therein (in particular those associated with investments in emerging markets).

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About BOC Hong Kong (Holdings) Limited

BOC Hong Kong (Holdings) Limited (“the Company”) holds the entire equity interest of Bank of China (Hong Kong) Limited (“BOCHK”), its principal operating subsidiary. Bank of China Limited (stock code “3988” and “4601” (Preference Shares)) holds approximately 66.06% of the equity interest in the Company through BOC Hong Kong (BVI) Limited, an indirect wholly-owned subsidiary of Bank of China Limited (“BOC”). The Company began trading on the main board of the Stock Exchange of Hong Kong on 25 July 2002 and is one of the largest listed companies and commercial banking groups in Hong Kong, with stock code “2388” and ADR OTC Symbol: “BHKLY”.

BOCHK has strong market positions in all major businesses. We have the most extensive local branch network and diverse service platforms, including over 190 branches, about 270 automated banking centres, efficient e-channels of over 1,000 self-service machines, as well as Internet and Mobile Banking services. We offer a comprehensive range of financial, investment and wealth management services to personal, corporate and institutional customers. To implement the overseas development strategy of BOC Group, we strive to drive our regional development by expanding our business in the Southeast Asian region. Our branches and subsidiaries have been extended to Southeast Asian countries such as Thailand, Malaysia, Vietnam, the Philippines, Indonesia, Cambodia, Laos and Brunei, with the provision of professional and high-quality financial services to local customers. We will also expedite our development into a top-class, full-service and internationalised regional bank.

BOCHK is one of the three note-issuing banks and the sole clearing bank for Renminbi (“RMB”) in Hong Kong. With our strong RMB franchise, we are the first choice of customers in this business. Through the deep collaboration with our parent bank, BOC, we provide a full range of high quality cross border services to multinationals, cross-border customers, mainland enterprises going global, central banks and super-sovereign organisations.

About BOCHK Asset Management Limited

Established in 2010, BOCHK Asset Management Limited (“BOCHK Asset Management”) is a wholly-owned subsidiary of BOC Hong Kong (Holdings) Limited. BOCHK Asset Management is committed to providing retail and institutional investors with a wide array of Bond, Equity and Alternative Investments products such as private equity and real estate investments, as well as comprehensive investment solutions tailored to their risk/return profile and investment objectives. In addition, the company also manages investment funds for clients and customizes discretionary investment portfolios to maximize the potential returns.

Since its establishment, BOCHK Asset Management has received industry awards in recognition of its outstanding performance. In 2018, the company garnered the “Best-In-Class of High Yield Fixed Income”, “Best-In-Class of RMB Fixed Income” and “Outstanding Achiever of China Fixed Income” in House Awards under Fixed Income category by *Asia Asset Management*, and was also awarded “2018 International Finance Financial Award: Most Innovative Asset Management Company” organized by *International Finance*. Furthermore, it was recognised as the “Best-in-Class, China Fixed Income” and “Outstanding Achiever, RMB Fixed Income” in House Award- Fixed Income by *BENCHMARK*, as well as the “Best Financial Institution 2017 – China” in 2017 Wealth & Money Management Awards by *Wealth & Finance International*.

Source: Asia Asset Management, the awards given by *Asia Asset Management* are based on the performance as at 30 September 2018. For award details, please visit www.asiaasset.com.

Source: International Finance, the award given by *International Finance* is based on the performance as at 30 September 2018. For award details, please visit <https://awards.internationalfinance.com/award-winners/>.

Source: BENCHMARK, the awards given by *BENCHMARK* are based on the performance as at 30 September, 2017. For award details, please visit www.fundawards.asia.

Source: Wealth & Finance International, the award given by *Wealth & Finance International* is based on the performance as at 31 May 2017. For award details, please visit www.wealthandfinance-intl.com/2017-wealth---money-management-awards.