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The Manager accepts full responsibility for the accuracy of the information contained in this Notice and confirms, having made all reasonable enquiries, that to the best of its knowledge, the opinions expressed in this Notice have been arrived at after due and careful consideration.

Investments involve risks, including the loss of principal. You are advised to consider your investment objectives and circumstances in determining the suitability of an investment in the Sub-Fund. An investment in the Sub-Fund may not be suitable for everyone.

SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

This notice is important and requires your immediate attention. If you are in doubt about the contents of this Notice, you should consult your financial planner, bank manager, solicitor, accountant or other professional adviser.

Ping An of China Select Investment Fund Series (the “Fund”)

Ping An of China SIF – RMB Bond Fund (the “Sub-Fund”)

Notice to Unitholders

**Issued by
Ping An of China Asset Management (Hong Kong) Company Limited
(as the Manager)**

All capitalised terms in this notice shall have the same meaning as in the Explanatory Memorandum of the Trust and the Sub-Fund (the “Explanatory Memorandum”) dated 31 December 2019 as amended from time to time, unless otherwise stated.

The manager of the Fund and the Sub-Fund, Ping An of China Asset Management (Hong Kong) Company Limited (the “**Manager**”) wish to inform you of the following matters:

A. Distribution of Notices to Unitholders

On 4 January 2019, the Manager issued a notice to Unitholders regarding the resignation of one of the Manager’s directors (the “**January 2019 Notice**”). On 29 November 2019, the Manager issued a notice to Unitholders regarding (i) changes and enhancements in investment strategy, (ii) increase in maximum custody fee rate and (iii) UT Code updates (the “**November 2019 Notice**”). On 19 June 2020, another notice to Unitholders was issued regarding the amendment of the trust deed of the Fund (the “**Trust Deed**”) by way of a

supplemental deed (the “**June 2020 Notice**”, together with the January 2019 Notice and the November 2019 Notice, the “**Notices**”).

The Notices were uploaded onto the Manager’s website at <http://asset.pingan.com.hk> (this website has not been reviewed by the SFC). However, the Notices were not passed to the Sub-Fund’s administrator for distribution to investors through the Sub-Fund’s distributors (the “**Incidents**”).

The cause of the Incidents was an inadvertent administrative oversight leading to the omission by the Manager’s staff members to pass the Notices to the Sub-Fund’s administrator for distribution to investors.

(1) Impact of the Incidents

Although the Notices were duly made available on the Manager’s website, as a result of the Incidents, investors were not actively notified of the changes to the Sub-Fund as described in the Notices.

The total return of the Sub-Fund as of 28 October 2020, as compared with the Sub-Fund’s position as of the respective issue date of the Notices, is positive. This means that an existing Unitholder would have enjoyed a gain in his or her investment in the Sub-Fund relative to his or her position in the Sub-Fund immediately prior to the respective issue date of the Notices.

The January 2019 Notice informs investors of the resignation of a director of the Manager. Such resignation does not have any actual impact on the Sub-Fund as there was no change in the personnel responsible for the day to day management of the Sub-Fund.

Following the increase in the maximum custody fee rate described in the November 2019 Notice (see section B below for further details), which came into effect on 31 December 2019, there has been no increase in the actual level of custody fee charged to the Sub-Fund.

The June 2020 Notice informs investors of a clarificatory amendment to the Trust Deed for consistency purposes. The Manager did not consider there to be any actual impact on the Sub-Fund following the clarificatory amendment to the Trust Deed.

Taking into account the abovementioned matters, the Manager is of the view that there is no material adverse impact on the interest of the Unitholders as a result of the Incidents.

(2) Remedial measures

The Manager apologises for any inconvenience caused by the Incidents.

To ensure Unitholders are fully informed of the changes set out in the Notices, the contents of the Notices are repeated in sections B, C and D below.

To avoid the recurrence of similar incidents in the future, the Manager will continue to strengthen its internal controls by implementing a checklist of procedures for issuance of notices. The checklist will set out all steps to be taken by the Manager in issuance of notices, including the requirement to send all notices to the administrator in a timely manner for onward transmission to distributors (who will then distribute the notices to investors). The checklist will set out the responsibilities of the relevant staff members of the Manager, who will be required to follow all procedures set out in the checklist by a specified deadline whenever a notice is issued in respect of the Sub-Fund. The Manager will monitor compliance with the checklist on an ongoing basis.

Investors should note that no redemption fee is payable on redemption of Units of the Sub-Fund, and Unitholders may choose to exit the Sub-Fund without redemption charges on any Dealing Day.

B. January 2019 Notice

The January 2019 Notice was issued on 4 January to inform investors that with effect from 4 January 2019, Mr. WONG Chak Kei Jack has resigned as director of the Manager. The revised Explanatory Memorandum reflecting this change was made available on the Manager's website at <http://asset.pingan.com.hk> (this website has not been reviewed by the SFC) and at the Manager's office during normal office hours.

C. November 2019 Notice

The contents of the November 2019 Notice, which informs investors of changes that came into effect on 31 December 2019, are set out below:

(1) Changes and enhancements in Investment Strategy

Changes in Investment Strategy

From 31 December 2019, the investment strategy and policy of the Sub-Fund has been changed so that:

- (i) The Sub-Fund will invest primarily (i.e. 70% to 100% of its Net Asset Value) in RMB denominated instruments including fixed income instruments, asset backed securities (subject to the limit, i.e. 30% of its Net Asset Value, as described below), convertible bonds, commercial papers and short term bills and notes ("**Income Instruments**").

Such RMB denominated Income Instruments may be (i) issued or distributed within mainland China via Bond Connect or (ii) in offshore markets (including but not limited to Dim Sum bonds in Hong Kong, Formosa bonds in Taiwan).

- (ii) The Sub-Fund may have up to 30% of its net FX exposure in non-RMB denominated assets. Accordingly, the Sub-Fund may invest up to 30% of its Net Asset Value in Income Instruments denominated in currencies other than RMB.
- (iii) The Sub-Fund may use financial derivative instruments for hedging or non-hedging purposes such that its net derivative exposure will not exceed 50% of its Net Asset Value.
- (iv) The Sub-Fund may enter into securities lending transactions, sale and repurchase transactions, reverse repurchase transactions (together "**Securities Financing Transactions**") or other similar over-the-counter transactions for up to 15% of the assets of the Sub-Fund.

Reasons for the Changes

In relation to changes (i) and (ii) above, the Manager would like to make the changes to meet market demand in terms of providing exposure to onshore China debt securities via Bond Connect, to allow a wider investable universe for the Sub-Fund in order to have better credit diversification, and to provide additional tools for the Sub-Fund to manage foreign exchange, rates and credit risks. In relation to changes (iii) and (iv) above, the Manager would like greater flexibility for the Sub-Fund to engage in securities financing transactions and to use financial derivative instruments to achieve its investment objective.

Additional Risks due to Changes in Investment Strategy

The Sub-Fund will be subject to additional risks due to the changes in investment strategy, as set out below:

Risks associated with the increased investment via Bond Connect

Investing in the China interbank bond market via Bond Connect is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to debt securities. The relevant rules and regulations on investment in the China interbank bond market via Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant mainland Chinese authorities suspend account opening or trading on the China interbank bond market, the Sub-Fund's ability to invest in the China interbank bond market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Currency risks associated with increased FX exposure to non-RMB denominated assets

Underlying investments of the Sub-Fund may be denominated in currencies other than its base currency. The its Net Asset Value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

Risks associated with investments in FDIs

Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element and component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

Risks associated with Securities Financing Transactions

Securities lending transactions – Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

Sale and repurchase transactions – In the event of the failure of the counterparty with which collateral has been placed, a Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements. The Sub-Fund may also be subject to legal risk, operational risk, liquidity risk of the counterparty and custody risk of the collateral.

Reverse-repurchase transactions – In the event of the failure of the counterparty with which cash has been placed, the Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements. The Sub-Fund may also be subject to legal risk, operational risks, liquidity risk of the counterparty and custody risk of the collateral.

Enhancements and Clarifications in Investment Strategy

Other than the changes to investment strategy set out above, the Manager has also enhanced and clarified the existing disclosure of investment strategy of the Sub-Fund to provide further information and relevant thresholds in relation to different types of instruments that the Sub-Fund may invest in, as set out below:

- (a) The Sub-Fund may invest up to 30% of its Net Asset Value in debt instruments with loss-absorption features (“**LAPs**”), including contingent convertible debt securities, subordinated debts, Tier 2 Capital and Additional Tier 1 Capital etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).
- (b) The Sub-Fund may invest up to 30% of its Net Asset Value in fixed income instruments that are below investment grade or unrated.
- (c) The Sub-Fund may invest up to 100% in debt securities issued and/or guaranteed by a single sovereign issuer – i.e. China (including its government, quasi-government entity, central bank, public and/or local authorities).
- (d) The Sub-Fund may invest up to 30% of its Net Asset Value in (1) urban investment bonds, which are debt instruments issued by mainland local government financing vehicles (“**LGFVs**”) in the listed bond and interbank bond market in mainland China, and/or (2) collateralised and/or securitised products such as asset backed securities, mortgage backed securities and asset backed commercial papers). These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

The risks factors relating to the instruments as described above have also been enhanced in the revised Offering Documents as appropriate (please refer to the section “General” below). Investors are urged to consider the risks of the investments of the Sub-Fund.

(2) Increase in maximum custody fee rate

With effect from 31 December 2019, the maximum rate of custody fee has been increased from up to 0.025% to 0.03% per annum of the Net Asset Value of the Sub-Fund.

The reason for the change is a result of the increased investment through Bond Connect.

(3) Impact on the Sub-Fund

Other than as outlined above, namely the changes to the investment strategy and the increase in the maximum custody fee, the changes described in this section (as set out in the November 2019 Notice) were not expected to change the operation of the Sub-Fund and/or manner in which the Sub-Fund is being managed or have effects on existing investors.

Other than the increase in maximum rate of custody fee, there were no other changes in the fee level/cost in managing the Sub-Fund as a result of the changes described in this section (as set out in the November 2019 Notice).

It is noted that:

- information relating to past performance of the Sub-Fund will continue to be shown in the KFS. Investors should however note that due to the change in investment strategy of the Sub-Fund, the circumstances under which performance prior to 31 December 2019 was achieved will no longer apply; and
- the Manager does not expect a substantive change to the ongoing charges figure of the Sub-Fund. The figures for the year ended 31 December 2018 are currently disclosed in the Product Key Facts Statement of the Sub-Fund (the “**KFS**”). The Manager will monitor the ongoing charges figure and, if necessary, update the figures in the KFS, in accordance with the relevant SFC guidance.

The costs (including legal fees and translation fees) incurred in connection with the changes described in this section (as set out in the November 2019 Notice) was approximately HK\$450,000 and was borne by the Sub-Fund. These costs were not expected to be material to the Sub-Fund, and hence were not expected to pose any material impact to the Net Asset Value of the Sub-Fund nor any significant adverse impact to Unitholders.

The Manager determined that there are no matters or impact arising from the changes described in this section (as set out in the November 2019 Notice) that may materially prejudice the existing investors' rights or interests. The changes in this section (as set out in the November 2019 Notice) did not require Unitholders' approval. The Trustee did not have any objection to the changes in this section (as set out in the November 2019 Notice).

(4) UT Code updates

The Trust Deed has been amended by way of an amended and restated trust deed effective on 31 December 2019. The Explanatory Memorandum and Product Key Facts Statement of the Sub-Fund (collectively, the "**Offering Documents**") have also been amended on 31 December 2019.

The purpose of amending and restating the Trust Deed and updating the Offering Documents is to incorporate changes in compliance with the requirements of the revised Code on Unit Trusts and Mutual Funds (the "**UT Code**"). The revised UT Code came into effect on 1 January 2019 with a 12-month transition period for existing schemes (i.e. funds previously authorised by the SFC).

The changes to the Trust Deed relate to the following:

- (i) the investment restrictions applicable to the Sub-Fund are revised to reflect the updated investment restrictions under Chapter 7 of the revised UT Code. Investors can refer to the section titled "Investment and Borrowing Restrictions" in the revised Explanatory Memorandum for the revised investment restrictions;
- (ii) the maximum borrowing of the Sub-Fund will be reduced from 25% to 10% of its Net Asset Value in accordance with the revised UT Code;
- (iii) investment restrictions under Chapter 8.2 (money market funds), Chapter 8.6 (unlisted index funds and index tracking exchange traded funds), Chapter 8.8 (Structured funds) and Chapter 8.9 (funds that invest extensively in financial derivative instruments) of the revised UT Code are also included in the Trust Deed for future sub-funds of the Fund (as may be applicable), although the Sub-Fund does not fall under these chapters of the revised UT Code and hence these are not applicable to the Sub-Fund;
- (iv) enhanced obligations of the Trustee and the Manager respectively under the revised UT Code; and
- (v) other changes to comply with the revised UT Code.

The revised Offering Documents reflecting the changes in this section (as set out in the November 2019 Notice) was made available from 31 December 2019 on the Manager's website at <http://asset.pingan.com.hk> (this website has not been reviewed by the SFC) and at the Manager's office during normal working hours. A copy of the amended and restated Trust Deed of the Trust was available for inspection free of charge at the Manager's office during normal working hours after 31 December 2019.

D. June 2020 Notice

The June 2020 Notice was issued to inform Unitholders that the Trust Deed of the Fund has been amended by way of a supplemental deed (the “**Supplemental Deed**”). The Supplemental Deed makes a clarificatory amendment to Clause 14.6 of the Trust Deed for consistency with Clause 21.1A of the Trust Deed.

For the avoidance of doubt, the Manager did not consider there to be any material impact on or material change to the Fund and the Sub-Fund following the amendment of the Trust Deed as described in this section (as set out in the June 2020 Notice).

The amendment of the Trust Deed did not require Unitholders’ approval. The Trustee has certified that, pursuant to Clause 30.1 of the Trust Deed, the amendment of the Trust Deed by way of the Supplemental Deed (a) does not materially prejudice the interests of the Unitholders, does not operate to release to any material extent the Trustee or the Managers or any other person from any liability to the Unitholders and will not result in any increase in the amount of costs and charges payable by the Fund and Sub-Fund (other than the costs, charges, fees and expenses incurred in connection with the Supplemental Deed); (b) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law); or (c) is made to correct a manifest error.

Copies of Trust Deed and the Supplemental Deed were made available for inspection free of charge at the Manager’s office during normal working hours.

E. General

The latest Offering Documents are available on the Manager’s website at <http://asset.pingan.com.hk> (this website has not been reviewed by the SFC) and at the Manager’s office during normal working hours. A copy of the Trust Deed (including all supplemental deeds thereto) are available for inspection free of charge at the Manager’s office during normal working hours.

If you have any questions or require further information, please contact the Manager during normal working hours at Suite 2301, 23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong or by telephone at (+852) 3762 9228.

The Manager accepts responsibility for the information contained in this notice as being accurate at the date hereof.

Ping An of China Asset Management (Hong Kong) Company Limited
6 November 2020