

Ping An of China Select Investment Fund Series (the “Fund”) Ping An of China SIF - RMB Bond Fund (the “Sub-Fund”) Notice to Unitholders

IMPORTANT: The Securities and Futures Commission takes no responsibility for the contents of this Notice, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Notice.

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 opinions expressed in this Notice have been arrived at after due and careful consideration.

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.

Change of Investment Objective and Policy and Other Updates

1. CHANGE OF INVESTMENT OBJECTIVE AND POLICY

Currently, the Sub-Fund’s existing policy states that if the Sub-Fund will invest directly in RMB denominated fixed rate or floating rate debt instruments issued within mainland China, not less than one month’s prior notice will be given to investors. As a result of recent development on the channels to access the mainland China bond market, with effect from 27 November 2017 (the “**Effective Date**”), to expand the investment universe of the Sub-Fund, the “investment objective and policy” of the Sub-Fund will be amended such that the Sub-Fund will be allowed to invest less than 30% of its net asset value directly in RMB Income Instruments issued or distributed within mainland China via Bond Connect.

In addition, with effect from the Effective Date, the investment policy will be revised to reflect that the Sub-Fund will no longer invest in RMB Income Instruments settled in a non-RMB currency. This revision is made in light of the reduced availability of such instruments in the offshore bond market.

Accordingly, the investment objective and policy of the Sub-Fund in the Explanatory Memorandum will be revised as follows (the relevant changes are highlighted in bold and underlined):

Existing investment objective and policy	Revised investment objective and policy
The investment objective of the Sub-Fund is to provide total returns comprised of interest income and capital growth by investing principally in RMB denominated fixed or floating rate debt securities.	The investment objective of the Sub-Fund is to provide total returns comprised of interest income and capital growth by investing principally in RMB denominated fixed or floating rate debt securities.

<p>The Sub-Fund invests primarily in RMB denominated debt instruments issued or distributed outside mainland China by government, quasi-government organizations, financial institutions, multinational organizations and other corporations.</p> <p>The Sub-Fund may also invest in RMB denominated deposits issued outside mainland China including but not limited to bank certificates of deposits, bank deposits, negotiated term deposits with authorised financial institutions and the following instruments (also issued outside mainland China):</p> <ul style="list-style-type: none"> - convertible bonds, - commercial papers; - short term bills and notes, etc. <p>The above instruments (other than bank deposits) are collectively referred to as “RMB Income Instruments”. Some of the RMB Income Instruments may be settled in a currency other than RMB (i.e. payments due under such instrument are made in a currency other than RMB at the time of settlement at the prevailing exchange rate). However, at least 90% of the investments of the Sub-Fund will be maintained in RMB Income Instruments denominated and settled in RMB and RMB-denominated bank deposits.</p> <p>The remaining portion will mainly comprise RMB Income Instruments settled in a non-RMB currency and non-RMB denominated bank deposits.</p> <p>The issuers of RMB Income Instruments may or may not be established or incorporated in mainland China.</p> <p>Subject to the investment restrictions set out in the section headed “Investment and Borrowing Restrictions”, the Sub-Fund will also comply with the following restrictions: the Sub-Fund’s investments in</p>	<p><u>The Sub-Fund invests primarily in RMB denominated debt instruments issued or distributed outside mainland China.</u></p> <p>The Sub-Fund may also invest in RMB denominated deposits issued outside mainland China including but not limited to bank certificates of deposits, bank deposits, negotiated term deposits with authorised financial institutions and the following instruments (also issued outside mainland China):</p> <ul style="list-style-type: none"> - convertible bonds, - commercial papers; - short term bills and notes, etc. <p>The above <u>types of</u> instruments (other than bank deposits) are collectively referred to as “RMB Income Instruments”.</p> <p><u>The Sub-Fund may also invest less than 30% of its Net Asset Value directly in RMB Income Instruments issued or distributed within mainland China via Bond Connect.</u></p> <p><u>The RMB Income Instruments are issued by government, quasi-government organizations, financial institutions, multinational organizations and other corporations.</u></p> <p>At least 90% of the investments of the Sub-Fund will be maintained in RMB Income Instruments denominated and settled in RMB and RMB-denominated bank deposits.</p> <p><u>The remaining portion will mainly comprise non-RMB denominated bank deposits issued or distributed outside mainland China.</u></p> <p>The issuers of RMB Income Instruments may or may not be established or incorporated in mainland China.</p>
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RMB Income Instruments issued by an issuer together with any bank deposits with such issuer will not in aggregate exceed 10% of its Net Asset Value, except: (a) where the issuer is a substantial financial institution and the total investments does not exceed 10% of the issuer's issued capital and published reserves, the limit may be increased to 25%; or (b) in respect of any deposit of less than US\$1 million or its equivalent in RMB, where the Sub-Fund cannot otherwise diversify as a result of its size.

Subject to applicable regulations, the Sub-Fund may obtain exposure to mainland bond markets through arrangements with authorised financial institutions. When regulations in the mainland China allow the Sub-Fund to invest directly in RMB denominated fixed rate or floating rate debt instruments issued within mainland China, the Sub-Fund may in future make such investment directly. The Sub-Fund currently may only invest in RMB denominated debt instruments issued or distributed outside mainland China, and it will not invest directly in China A-shares or other securities issued within mainland China through any qualified financial institutional investor ("QFII"). Not less than one month's prior notice will be given to investors if the Manager intends to make such investment.

The Sub-Fund will not invest in any derivatives or structured deposits or products.

The Manager currently does not intend to enter into any securities lending or repurchase transactions in respect of the Sub-Fund. If the Manager intends to enter into such transactions, subject to the SFC's prior approval, Unitholders will be given one month's prior notice (or such shorter notice period as the SFC may agree).

The following is an indicative investment allocation of the Sub-Fund. Investors should note that the Manager may at any

Subject to the investment restrictions set out in the section headed "Investment and Borrowing Restrictions", the Sub-Fund will also comply with the following restrictions: the Sub-Fund's investments in RMB Income Instruments issued by an issuer together with any bank deposits with such issuer will not in aggregate exceed 10% of its Net Asset Value, except: (a) where the issuer is a substantial financial institution and the total investments does not exceed 10% of the issuer's issued capital and published reserves, the limit may be increased to 25%; or (b) in respect of any deposit of less than US\$1 million or its equivalent in RMB, where the Sub-Fund cannot otherwise diversify as a result of its size.

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The following is an indicative investment allocation of the Sub-Fund. Investors should note that the Manager may at any time adjust the allocation (within the prescribed limit as shown in the below table) having regard to prevailing market conditions in future without further notice.

<i>Type</i>	<i>of</i>	<i>Indicative</i>
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time adjust the allocation (within the prescribed limit as shown in the below table) having regard to prevailing market conditions in future without further notice.		<i>instrument</i>	<i>percentage (of Sub-Fund's value)</i>
<i>Type of instrument</i>	<i>Indicative percentage (of Sub-Fund's value)</i>	Government securities and quasi-government organisation securities	Up to 80%
Government securities and quasi-government organisation securities	Up to 80%	Debts issued by substantial financial institutions and corporate entities	Up to 70%
Debts issued by substantial financial institutions and corporate entities	Up to 70%	<p>In the absence of available RMB Income Instruments, the Sub-Fund may invest a significant portion of its portfolio in RMB negotiated bank deposits with substantial financial institutions (as defined in the SFC's Code on Unit Trusts and Mutual Funds), subject to the Sub-Fund's diversification policy as mentioned above.</p>	
<p>In the absence of available RMB Income Instruments, the Sub-Fund may invest a significant portion of its portfolio in RMB negotiated bank deposits with substantial financial institutions (as defined in the SFC's Code on Unit Trusts and Mutual Funds), subject to the Sub-Fund's diversification policy as mentioned above.</p>			

Bond Connect

Bond Connect is a new initiative launched in July 2017 for mutual bond market access between Hong Kong and mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Under the prevailing regulations in mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the China Interbank Bond Market through the northbound trading of Bond Connect (“**Northbound Trading Link**”). There will be no investment quota for Northbound Trading Link.

Please note that investments via Bond Connect are subject to the Risks associated with Bond Connect. Please refer to the Addendum to the Explanatory Memorandum for further information relating to Bond Connect.

2. OTHER UPDATES

In addition, the Explanatory Memorandum will be amended to reflect the following enhancement and update of disclosures:

- (i) Liquidity risk management relating to the Fund;
- (ii) PRC and Hong Kong taxation; and
- (iii) Automatic Exchange of Financial Account Information.

An Addendum to the Explanatory Memorandum will be issued on or after the Effective Date to reflect the above changes which will be available for viewing on the website of the Manager at <http://asset.pingan.com.hk>.

Investors who have any enquiries regarding the above may contact the Manager's hotline at (+852) 3762 9228 or visit us at <http://asset.pingan.com.hk>

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

25 October 2017