中国平安 PING AN
专业 · 价值

中国平安资产管理（香港）
PING AN OF CHINA ASSET MANAGEMENT (HONG KONG)

Ping An of China Select Investment Fund Series

Explanatory Memorandum

Manager: Ping An of China Asset Management (Hong Kong)

PING AN OF CHINA SELECT INVESTMENT FUND SERIES

EXPLANATORY MEMORANDUM

August 2026

IMPORTANT INFORMATION FOR INVESTORS

This Explanatory Memorandum comprises information relating to Ping An of China Select Investment Fund Series, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 11 April 2011 between Ping An of China Asset Management (Hong Kong) Company Limited as manager and BOCI-Prudential Trustee Limited as trustee, as amended, restated and supplemented from time to time.

The Manager accepts full responsibility for the accuracy of the information contained in this Explanatory Memorandum, and confirms, having made all reasonable enquiries that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this Explanatory Memorandum nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum is correct as of any time subsequent to its date of publication. This Explanatory Memorandum may from time to time be updated. Intending applicants for Units should ask the Manager if any supplements to this Explanatory Memorandum or any later Explanatory Memorandum have been issued.

Distribution of this Explanatory Memorandum must be accompanied by a copy of the latest available annual report and accounts of the Fund (if any) and any subsequent interim report. Units are offered on the basis only of the information contained in this Explanatory Memorandum and (where applicable) the above mentioned annual reports and accounts and interim reports. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Explanatory Memorandum should be regarded as unauthorised and accordingly must not be relied upon.

The Fund has been authorised by the SFC pursuant to section 104 of the SFO. 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.

No action has been taken to permit an offering of Units or the distribution of this Explanatory Memorandum in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised.

In particular:-

(a) the Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act); and

(b) the Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

Potential applicants for Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units.

Investment involves risk and investors should note that losses may be sustained on their investment. There is no assurance that the investment objective of the respective Sub-Fund will be achieved. Investors should read the Explanatory Memorandum, particularly the section headed "Risk Factors" and the risk factors (if any) set out in the relevant Appendix, before making their investment decisions.

Important – If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent professional financial advice.

Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of any Sub-Fund and the income from them may go down as well as up.

Investors may contact the Manager for any queries or complaints in relation to any Sub-Fund. To contact the Manager, investors may either:

- write to the Manager (address at Suite 2301, 23rd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong); or

- call the Manager's Customer Service Hotline: +852 3762 9228.

The Manager will aim to respond by phone or in writing within 10 Business Days of receiving the enquiry or complaint.

This Explanatory Memorandum may refer to information and materials included in websites, including the Manager's website (https://asset.pingan.com.hk/) (this website has not been reviewed by the SFC). Such information and materials do not form part of the Explanatory Memorandum and they have not been reviewed by the SFC or any regulatory body. Investors should note that the information provided in websites may be updated and changed periodically without any notice to any person. The Manager's website has not been reviewed by the SFC.

INTRODUCTION

- This Explanatory Memorandum and the Product Key Facts Statement of the relevant Sub-Fund together form part of the offering document of each Sub-Fund under Ping An of China Select Investment Fund Series.

- Ping An of China SIF – RMB Bond Fund aims to provide total returns comprised of interest income and capital growth by investing principally in RMB denominated fixed or floating rate debt securities which may be settled in RMB or other currencies issued in Hong Kong or elsewhere. It may also invest in RMB denominated deposits issued outside mainland China, such as bank certificates of deposit, bank deposits and negotiated term deposits with banks, and other instruments such as convertible bonds, commercial papers and short term bills and notes, also issued outside mainland China.

  Information relating to Ping An of China SIF – RMB Bond Fund is set out in Appendix I of this Explanatory Memorandum. Investors should refer to the relevant risks under the section headed "Specific Risk Factors" under Appendix I of this Explanatory Memorandum and those under the section headed "Risk Factors" in the main part of this Explanatory Memorandum before making any investment decisions.

- Ping An Money Market Fund's objective is to invest in short-term deposits and high quality money market instruments. It seeks to achieve a return in US Dollars in line with prevailing money market rates.

  Information relating to Ping An Money Market Fund is set out in Appendix II of this Explanatory Memorandum. Investors should refer to the relevant risks under the section headed "Specific Risk Factors" under Appendix II of this Explanatory Memorandum and those under the section headed "Risk Factors" in the main part of this Explanatory Memorandum before making any investment decisions.

- The objective of Ping An Stable Fund is to provide stable income by mainly investing in money market instruments and debt securities.

  Information relating to Ping An Stable Fund is set out in Appendix III of this Explanatory Memorandum. Investors should refer to the relevant risks under the section headed "Specific Risk Factors" under Appendix III of this Explanatory Memorandum and those under the section headed "Risk Factors" in the main part of this Explanatory Memorandum before making any investment decisions.

- Ping An Hong Kong Dollar Money Market Fund's objective is to invest in short-term deposits and high quality money market instruments. It seeks to achieve a return in Hong Kong Dollars in line with prevailing money market rates.

  Information relating to Ping An Hong Kong Dollar Money Market Fund is set out in Appendix IV of this Explanatory Memorandum. Investors should refer to the relevant risks under the section headed "Specific Risk Factors" under Appendix IV of this Explanatory Memorandum and those under the section headed "Risk Factors" in the main part of this Explanatory Memorandum before making any investment decisions.

TABLE OF CONTENTS

Heading **Page Number**

ADMINISTRATION **10**

DEFINITIONS **11**

THE FUND **15**

INVESTMENT OBJECTIVE **15**

MANAGEMENT OF THE FUND **16**

CLASSES OF UNITS **20**

DEALING DAY AND DEALING DEADLINE **21**

PURCHASE OF UNITS **22**

REDEMPTION OF UNITS **26**

SWITCHING BETWEEN CLASSES **30**

VALUATION **33**

INVESTMENT AND BORROWING RESTRICTIONS **37**

LIQUIDITY RISK MANAGEMENT **50**

RISK FACTORS **51**

EXPENSES AND CHARGES **70**

TAXATION **75**

REPORTS AND ACCOUNTS **79**

DISTRIBUTION OF DIVIDENDS **80**

VOTING RIGHTS **81**

PUBLICATION OF PRICES **82**

TRANSFER OF UNITS **82**

COMPULSORY REDEMPTION OR TRANSFER OF UNITS **82**

TRUST DEED **83**

TERMINATION OF THE FUND OR ANY SUB-FUND **84**

ANTI-MONEY LAUNDERING REGULATIONS **86**

CONFLICTS OF INTEREST **87**

FACSIMILE OR ELECTRONIC INSTRUCTIONS **89**
DOCUMENTS AVAILABLE FOR INSPECTION **90**
INFORMATION AVAILABLE ON THE INTERNET **90**
APPENDIX I – PING AN OF CHINA SIF – RMB BOND FUND **91**
APPENDIX II – PING AN MONEY MARKET FUND **113**
APPENDIX III – PING AN STABLE FUND **134**
APPENDIX IV – PING AN HONG KONG DOLLAR MONEY MARKET FUND **158**

ADMINISTRATION

Manager
Ping An of China Asset Management
(Hong Kong) Company Limited
Suite 2301, 23rd Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

Directors of the Manager
TUNG Hoi
WANG Xinyi
TSUI Siu Kay Gordon

Trustee and Registrar
BOCI-Prudential Trustee Limited
Suites 1501-1507&1513-1516,15/F
1111 King's Road
Taikoo Shing
Hong Kong

Custodian
Bank of China (Hong Kong) Limited
14/F, Bank of China Tower
1 Garden Road
Hong Kong

Auditors
PricewaterhouseCoopers
22/F, Prince's Building
Central
Hong Kong

Legal Counsel to the Manager
Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

DEFINITIONS

The defined terms used in this Explanatory Memorandum have the following meanings:-

"**A-Shares**"	means securities of companies incorporated in China and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in RMB and available for investment by domestic investors and QFIIs
"**Accounting Date**"	30 June in each year or such other date or dates in each year as the Manager may from time to time specify in respect of any Sub-Fund and notify to the Trustee and the Unitholders of such Sub-Fund
"**Accounting Period**"	a period commencing on the date of establishment of the relevant Sub-Fund or on the date next following an Accounting Date of the relevant Sub-Fund and ending on the next succeeding Accounting Date for such Sub-Fund
"**Authorised Distributor**"	any person appointed by the Manager to distribute Units of some or all of the Sub-Funds to potential investors
"**B-Shares**"	means securities of companies incorporated in China and listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in foreign currency and available for investment by domestic and foreign investors
"**Business Day**"	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days in relation to a Sub-Fund as the Manager and the Trustee may agree from time to time, provided that where as a result of a number 8 (or higher) typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise
"**China", "mainland**	the People's Republic of China excluding Hong Kong, Macau

China" or "PRC"	and Taiwan for purpose of this document
"**connected person**"	in relation to the Manager, means: (a) any person, company or fund beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of the Manager or being able to exercise, directly or indirectly, 20% or more of the total votes in the Manager; or (b) any person, company or fund controlled by a person who or which meets one or both of the descriptions given in (a); or (c) any member of the group of which the Manager forms part; or (d) any director or officer of the Manager or of any of its connected persons as defined in (a), (b) or (c) above; or (e) in relation to any Investment Fund which is for the time being authorised pursuant to section 104 of the Securities and Futures Ordinance, such person as may be specified by the Code;
"**Code**"	means the Code on Unit Trusts and Mutual Funds issued by the SFC, as amended or replaced from time to time
"**Custodian**"	Bank of China (Hong Kong) Limited
"**Dealing Day**"	the days on which Units are subscribed for or redeemed, as described in the Appendix for the relevant Sub-Fund(s)
"Dealing Deadline"	in relation to any Dealing Day shall be such time on such Dealing Day or on such other Business Day as the Managers may from time to time with the approval of the Trustee determine generally or in relation to any particular jurisdiction in which Units may from time to time be sold, as described in the Appendices for the

	relevant Sub-Funds
"Explanatory Memorandum"	this Explanatory Memorandum including the Appendices, as each may be amended, updated or supplemented from time to time
"**Fund**"	Ping An of China Select Investment Fund Series
"**entities within the same group**"	means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards
"**Government and other Public Securities**"	has the meaning as set out in the Code which at the date of the main body of this Explanatory Memorandum means any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies
"H-Shares"	means securities of companies incorporated in China and listed on the Hong Kong Stock Exchange
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"HK$ or HKD"	Hong Kong Dollars, the lawful currency of Hong Kong
"**Issue Price**"	in respect of each Sub-Fund the issue price per Unit as more fully described in the section "Purchase of Units"
"**Manager**"	Ping An of China Asset Management (Hong Kong) Company Limited
"**Net Asset Value**"	the net asset value of the Fund or a Sub-Fund or of a Unit, as the context may require, calculated in accordance with the provisions of the Trust Deed as summarised below under the section headed "Valuation"
"**Redemption Price**"	the price at which Units will be redeemed as more fully described in the section headed "Redemption of Units"

"Registrar"	BOCI-Prudential Trustee Limited in its capacity as registrar of the Fund
"RMB" or "Renminbi"	renminbi, the currency of the PRC
"**SFC**"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571)
"Sub-Fund"	a separate pool of assets of the Fund that is invested and administered separately
"**Trust Deed**"	the trust deed dated 11 April 2011 establishing the Fund and entered into by the Manager and the Trustee, as amended, restated and supplemented from time to time.
"**Trustee**"	BOCI-Prudential Trustee Limited in its capacity as trustee of the Fund
"**Unit**"	a unit in a Sub-Fund
"**Unitholder**"	a person registered as a holder of a Unit
"**US$ or USD**"	the lawful currency of the United States of America
"**Valuation Day**"	each Dealing Day or such other day as the Manager may from time to time determine as described in the Appendix for the relevant Sub-Fund(s)
"**Valuation Point**"	the close of business in the last of the relevant market to close on each Valuation Day or such other time on such other day as the Manager may from time to time determine, as described in the Appendix for the relevant Sub-Fund to calculate the Net Asset Value

THE FUND

Ping An of China Select Investment Fund Series is an open-ended unit trust established as an umbrella fund pursuant to the Trust Deed and governed by the laws of Hong Kong. All Unitholders are entitled to the benefit of, are bound by and deemed to have notice of the provisions of the Trust Deed.

The Manager may create further Sub-Fund(s) in the future. Investors should contact the Manager to obtain the latest offering document relating to the available Sub-Fund(s).

Multiple classes of Units may be issued in respect of each Sub-Fund and the Manager may create additional classes of Units for any Sub-Fund(s) in its sole discretion in the future. The assets of each Sub-Fund will be invested and administered separately from the assets of the other Sub-Fund(s). The details of the Sub-Fund(s) and/or the new class or classes of Units related thereto that are on offer are set out in the Appendices to this Explanatory Memorandum.

INVESTMENT OBJECTIVE

The Fund offers a range of Sub-Funds, each with different investment objectives and policies as specified in the relevant Appendix hereto relating to the Sub-Fund. The Fund currently offers four Sub-Funds, Ping An of China SIF – RMB Bond Fund, Ping An Money Market Fund, Ping An Stable Fund and Ping An Hong Kong Dollar Money Market Fund.

MANAGEMENT OF THE FUND

The Manager

The Manager of the Fund is Ping An of China Asset Management (Hong Kong) Company Limited.

The Manager is a wholly owned subsidiary of China Ping An Insurance Overseas (Holdings) Limited which in turn is a wholly owned subsidiary of Ping An Insurance (Group) Company of China, Ltd. The Manager is a limited liability company incorporated in Hong Kong on 16 May 2006. It is licensed by the SFC for type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities) and type 9 regulated activity (asset management) as defined in Schedule 5 of the SFO, with CE number AOD938. Under the conditions of its licence, the Manager will only provide services to professional investors in respect of its type 1 regulated activity and will not hold client assets with respect to all of its regulated activities.

Details of the directors of the Manager are as follows:-

TUNG Hoi

Mr Tung is currently the CEO and Chairman of China Ping An Insurance Overseas (Holdings) Limited and the Chairman of Ping An of China Asset Management (Hong Kong) Company Limited. From 2004 to 2014, Mr Tung was the Chairman and Chief Executive Officer of China Ping An Trust Co., Ltd. Prior to joining Ping An, Mr. Tung was an executive director of Goldman Sachs (Asia) L.L.C., advising major financial institutions in the Asia Pacific region on restructuring, mergers and acquisitions, and capital markets activities. From 1995 to 1998, he was a management consultant with McKinsey & Company. Mr. Tung holds a Master's degree in Engineering Science from the University of Oxford and an MBA from INSEAD.

WANG Xinyi

Mr. Wang Xinyi joined Ping An Asset Management (Hong Kong) Co. Ltd. ("Ping An") in late 2022 as Head of Capital Markets and Chief Investment Officer. Before joining Ping An, he worked at China Re Asset Management (HK) as deputy general manager in charge of asset management business. Mr. Wang worked in the US and Asia for over twenty years, as investment professional at leading financial firms including BlackRock and Waddell & Reed, Chilton, and Banc of America Securities. Mr. Wang graduated from the University of Wisconsin-Madison with a Master of Science degree in Computer Science and a Master of Art

degree in Mathematics. He also holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania. Mr. Wang is also a Chartered Financial Analyst (CFA) since 2006.

TSUI Siu Kay Gordon

Mr. Tsui is a seasoned bond fund manager with more than two decades of financial market experience. He previously led the fixed income team at Taikang Asset Management (Hong Kong) and managed the USD bond portfolio of Taikang Insurance Group Inc. Prior to this role, Mr. Tsui was Deputy Chief Investment Officer of Hang Seng Investment Management and Lead Fund Manager of Hang Seng RMB Bond Fund, which won the "Best in Class" award in 2014 for "RMB Bond" category in Hong Kong by Bloomberg Businessweek. Mr. Tsui obtained first class honours degree in Economics from the LSE on Sir Edward Youde Scholarship awarded by Hong Kong SAR Government. He stationed in New York as Representative of Hong Kong Monetary Authority between 2001 and 2004.

The Trustee and the Registrar

BOCI-Prudential Trustee Limited, which is a registered trust company under the Trustee Ordinance in Hong Kong, has been appointed as Trustee and Registrar of the Fund.

The Trustee is a joint venture founded by BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited. BOC Group Trustee Company Limited is owned by Bank of China (Hong Kong) Limited and BOC International Holdings Limited, which are subsidiaries of Bank of China Limited.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Fund and monitoring the compliance by the Manager with the requirements of the Trust Deed. As the Registrar of the Fund, BOCI-Prudential Trustee Limited will be responsible for maintaining the register of Unitholders.

The Custodian

Bank of China (Hong Kong) Limited ("BOCHK") has been appointed as the custodian of the Fund.

BOCHK was incorporated in Hong Kong on 16 October, 1964. As a locally incorporated licensed bank, it was re-structured to the present form since 1 October 2001 by combining the businesses of ten of the twelve banks in Hong Kong originally belonging to the Bank of China Group. In addition, it owns its credit card company, life insurance company and also asset management company etc.

BOC Hong Kong (Holdings) Limited was incorporated in Hong Kong on 12 September 2001 to hold the entire equity interest in BOCHK, its principal operating subsidiary. After a successful global IPO, BOC Hong Kong (Holdings) Limited began trading on the Main Board of the Stock Exchange of Hong Kong Limited on 25 July 2002 with stock code "2388" and became a Hang Seng Index constituent stock on 2 December 2002.

With an extensive network of branches and ATM servicing more than 600,000 corporates and 3 million retail accounts, BOCHK is the second largest banking group in Hong Kong. It offers a full range of banking services, including global custody and also fund-related services for institutional clients. It is also widely present in the ASEAN countries to better serve the local and international communities and to tap the opportunities arising from the One Belt One Road initiatives.

Pursuant to a custodian agreement, the Custodian will act as the custodian of the Fund's assets, which will be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the custodian agreement.

The Authorised Distributor

The Manager may appoint one or more Authorised Distributor(s) to distribute Units of one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or switching of Units on the Manager's behalf.

The Auditor

PricewaterhouseCoopers has been appointed to act as auditors to the Fund and its Sub-Funds.

The engagement letter entered into by the Fund, its sub-funds and the auditor contains provisions limiting the liability of the auditor to a certain amount stated in the engagement letter, except to the extent to which the auditor is finally determined to have engaged in wilful misconduct or fraudulent behaviour. Other release and indemnity provisions are also contained in the engagement letter.

CLASSES OF UNITS

Different classes of Units may be offered for each Sub-Fund. Although the assets attributable to each class of Units of a Sub-Fund will form one single pool, each class of Units may be denominated in a different currency or may have a different charging structure with the result that the net asset value attributable to each class of Units of a Sub-Fund may differ. In addition, each class of Units may be subject to different minimum initial and subsequent subscription amounts and holding amounts, and minimum redemption and switching amounts. Investors should refer to the relevant Appendix for the available classes of Units and the applicable minimum amounts. The Manager may in its discretion agree to accept applications for subscription, redemption and switching of certain classes below the applicable minimum amounts.

DEALING DAY AND DEALING DEADLINE

The Manager may from time to time with the approval of the Trustee determine generally or in relation to any particular jurisdiction the time on such Dealing Day or on such other Business Day (on which Units may from time to time be sold) prior to which instructions for subscriptions, redemptions or switching are to be received in order to be dealt with on a particular Dealing Day. The Dealing Days and the relevant Dealing Deadlines for each Sub-Fund are set out in the relevant Appendix.

Subscription, switching and redemption of Units may also be placed through Authorised Distributor(s) or through other authorised and/or electronic means from time to time determined by the Manager. Investors should note the application through such means may involve different dealing procedures. Further, the Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadline for receiving instructions for subscriptions, redemptions or switching. Investors should confirm with the Authorised Distributor(s) concerned the arrangements and the dealing procedures that are applicable to them.

PURCHASE OF UNITS

Initial Offer

During an Initial Offer Period, Units in a Sub-Fund will be offered to investors at an initial subscription price of a fixed price per Unit as specified in the relevant Appendix.

Details of the initial offer of Units are set forth in the Appendix relating to the relevant Sub-Fund.

Units will be issued at the initial Subscription Price on the last day of the Initial Offer Period or such other Business Day as the Manager may determine. Dealing of the Units will commence on the Dealing Day immediately following the closure of the relevant Initial Offer Period.

Subsequent Subscription

Following the close of the initial offer period, Units will be issued at the prevailing Issue Price per Unit. The Issue Price on any Dealing Day will be the Net Asset Value of the relevant class of Units of the Sub-Fund as at the Valuation Point in respect of the Dealing Day divided by the number of such class of Units then in issue, rounded down to 2 decimal places (unless otherwise specified in the Appendix) or in such manner and to such other number of decimal places as may from time to time be determined by the Manager. Any rounding adjustment shall be retained for the benefit of the relevant Sub-Fund. In calculating the Issue Price, the Manager may impose surcharges to compensate for the difference between the price at which assets of the relevant Sub-Fund are to be valued and the total cost of acquiring such assets including other relevant expenses such as taxes, governmental charges, brokerages, etc.

Unless otherwise disclosed in the Appendix of a Sub-Fund, applications for subscription of any class of Units in a Sub-Fund (together with application moneys), if received prior to the Dealing Deadline and accepted by the Manager, will be dealt with on that Dealing Day. Applications received after the Dealing Deadline in relation to a Dealing Day will be held over until the next Dealing Day. The Manager has the discretion to accept applications and/or application moneys received after the Dealing Deadline.

Units may not be issued during the period of any suspension of the determination of the Net Asset Value relating to such class of Units of a Sub-Fund (for details see the section below headed "Suspension of Calculation of Net Asset Value").

Application Procedure

To purchase Units an investor should complete the application form, which may be obtained from the Manager or the Authorised Distributors (the "**Application Form**"), and return the Application Form together with the subscription moneys to the Authorised Distributors (details of which as set out in the Application Form). Further supporting documents (described in the Application Form) should also be provided together with the Application Form.

The Application Form may also be sent by facsimile or any other means as agreed by the Manager or the Trustee unless the original is required by the Manager or the Trustee.

Each applicant whose application is accepted will be sent a contract note confirming details of the purchase of Units but no certificates will be issued.

The Manager, at its discretion, is entitled to impose a preliminary charge of up to 5.0% on the Issue Price of each Unit or the total subscription amount received in relation to an application, and the current rates are described in the relevant Appendix for each Sub-Fund. The Manager may retain the benefit of such charge or may re-allow or pay all or part of the preliminary charge (and any other fees received) to intermediaries or such other persons as the Manager may at its absolute discretion determine. The Manager also has discretion to waive the preliminary charge in whole or in part in relation to any subscription for Units whether generally or in a particular case.

Investment Minima

Details of the minimum initial subscription, minimum holding amount, minimum subsequent subscription and minimum redemption amounts applicable to each class of Units in each Sub-Fund are set out in the relevant Appendix.

The Manager has the discretion to waive, change or accept an amount lower than the above amounts, whether generally or in a particular case.

Payment Procedure

Applications will generally be accepted on a Dealing Day only if application moneys have been received on or prior to such Dealing Day in relation to which Units are to be issued (and during the Initial Offer Period, prior to the end of the Initial Offer Period as specified in the

Appendix).

Subscription moneys should be paid in the relevant class currency as disclosed in the relevant Appendix. Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the agreement of the Trustee or the Manager, and to applicable limits on foreign exchange, arrangements can be made for applicants to pay for Units in most other major currencies and in such cases, the cost of currency conversion will be borne by the applicant. Currency conversion will be subject to availability of the currency concerned.

All payments should be made by cheque, direct transfer, telegraphic transfer or banker's draft. Cheques and banker's drafts should be crossed "a/c payee only, not negotiable" and made payable to the Trustee ("BOCI-Prudential Trustee Limited") and stating the name of the relevant Sub-Fund to be subscribed as specified in the Application Form, and sent with the Application Form. Payment by cheque is likely to cause delay in receipt of cleared funds and Units generally will not be issued until the cheque is cleared. Any costs of transfer of application moneys to a Sub-Fund will be payable by the applicant.

Details of payments by telegraphic transfer are set out in the Application Form.

All application moneys must originate from an account held in the name of the applicant. No third party payments shall be accepted. The applicant will bear the primary responsibility for providing sufficient evidence of the payment source.

No money should be paid to any intermediary in Hong Kong who is not licensed by or registered with the SFC to conduct Type 1 (Dealing in Securities) regulated activity under Part V of the SFO.

General

All holdings will be held for investors in registered form and no certificates will be issued. Evidence of title will be the entry on the register of Unitholders. Unitholders should therefore be aware of the importance of ensuring that the Manager and the Trustee are informed of any change to the registered details.

Fractions of Units may be issued rounded down to 2 decimal places (unless otherwise specified in the Appendix) or to such other decimal places as may from time to time determined by the Managers after consulting the Trustee as specified in the relevant Appendix.

Application moneys representing smaller fractions of a Unit will be retained by the relevant Sub-Fund. The Manager reserves the right to reject any application in whole or in part. In the event that an application is rejected, application moneys will be returned without interest by cheque through the post or by telegraphic transfer to the bank account from which the moneys originated at the risk and expense of the applicants (or in such other manner determined by the Manager and the Trustee). A maximum of 4 persons may be registered as joint Unitholders.

REDEMPTION OF UNITS

Redemption Procedure

Unitholders who wish to redeem their Units may do so on any Dealing Day by submitting a redemption request to the Authorised Distributors before the Dealing Deadline for the relevant Sub-Fund, as defined in the relevant Appendix. Unless otherwise stated in the Appendix of the relevant Sub-Fund, redemption requests received after the Dealing Deadline will be carried forward and dealt with on the next following Dealing Day, subject to the Manager's discretion to accept late redemption requests.

Partial redemptions may be effected subject to any minimum redemption amount for each class of Units of a Sub-Fund as disclosed in the relevant Appendix or as the Manager may determine from time to time whether generally or in a particular case.

If a request for redemption will result in a Unitholder holding Units in a class to the value of less than the minimum holding amount of that class as set out in the relevant Appendix of a Sub-Fund, the Manager may deem such request to have been made in respect of all the Units of that class held by that Unitholder. The Manager has the discretion to waive the requirement for a minimum holding amount of Units, whether generally or in a particular case.

A redemption request may also be sent by facsimile or other means as agreed by the Manager or the Trustee, unless the original is required by the Manager or the Trustee, and must specify (i) the name of the Sub-Fund and the value or number of Units to be redeemed (ii) the relevant class of Units to be redeemed (iii) the name(s) of the registered holder(s); and (iv) the payment instructions for the redemption proceeds. Investors should be reminded that if they choose to send redemption requests by facsimile or electronic means, they bear their own risk of the requests not being received or illegible. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any redemption request sent by facsimile or electronic means or for any loss caused in respect of any action taken as a consequence of such instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Manager safe receipt of a request.

A request for redemption once given cannot be revoked without the consent of the Manager.

Payment of Redemption Proceeds

The Redemption Price on any Dealing Day shall be the price per Unit ascertained by dividing the Net Asset Value of the relevant class of the Sub-Fund as at the Valuation Point in respect of the Dealing Day by the number of such class of Units then in issue rounded down to 2 decimal places (unless otherwise specified in the Appendix) or in such manner and to such other number of decimal places as may from time to time be determined by the Manager. Any rounding adjustment shall be retained by the relevant Sub-Fund. Such price shall be calculated in the base currency of the relevant Sub-Fund and quoted by the Manager in such base currency and in such other currency or currencies at the Manager's discretion (with prior notice to the Trustee) by converting such price to its equivalent in such other currency or currencies at the same rate as the Manager shall apply in calculating the Net Asset Value as at the Valuation Point. In calculating the Redemption Price, the Manager may impose deductions to compensate for the difference between the price at which assets of the relevant Sub-Fund are to be valued and the net proceeds which would be received on sale of such assets and for the relevant expenses such as taxes, governmental charges, brokerages, etc.

The Manager may at its option impose a redemption charge of up to 4.0% of the Redemption Price of the relevant class of Units to be redeemed. The redemption charge, if any, is described in the relevant Appendix. The Manager may on any day in its sole and absolute discretion differentiate between Unitholders as to the amount of the redemption charge to be imposed (within the permitted limit).

The amount due to a Unitholder on the redemption of a Unit pursuant to the paragraphs above shall be the Redemption Price per Unit, less any redemption charge and any rounding adjustment in respect thereof. The rounding adjustment aforesaid in relation to the redemption of any Units shall be retained as part of the relevant Sub-Fund. The redemption charge shall be retained by the Manager for its own use and benefit.

Redemption proceeds will not be paid to any redeeming Unitholder until the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee, where redemption proceeds are to be paid by telegraphic transfer.

The Manager or the Trustee, as the case may be, may, in its absolute discretion, refuse to make a redemption payment to a Unitholder if (i) the Manager or the Trustee, as the case may be, suspects or is advised that the payment of any redemption proceeds to such Unitholder may

result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Manager, the Trustee or its other service providers with any such laws or regulations in any relevant jurisdiction; or (ii) there is a delay or failure by the redeeming Unitholder in producing any information or documentation required by the Trustee and/or the Manager or their respective duly authorised agent for the purpose of verification of identity.

In the event that there is a delay in receipt by the Manager or the Trustee of the proceeds of realisation of the investments of the relevant Sub-Fund to meet redemption requests, the Manager or the Trustee may delay the payment of the relevant portion of the amount due on the redemption of Units. If the Manager or the Trustee is required by the laws of any relevant jurisdiction to make a withholding from any redemption moneys payable to the holder of a Unit the amount of such withholding shall be deducted from the redemption moneys otherwise payable to such person. Where the market(s) in which a substantial portion of the investments of the relevant Sub-Fund is made is subject to such legal or regulatory requirements (such as foreign currency controls) rendering the payment of such amounts not practicable, payment may be delayed but the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant markets.

Subject as mentioned above and so long as relevant account details have been provided, redemption proceeds will normally be paid in the class currency of the relevant class of Units, provided that the Manager may pay in the base currency of a Sub-Fund (such as when there is insufficient class currency for currency conversion),by direct transfer or telegraphic transfer, normally within 7 Business Days after the relevant Dealing Day (or as otherwise specified in the Appendix of the relevant Sub-Fund) and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for redemption of Units, unless the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls), rendering the payment of the redemption money within the aforesaid time period not practicable. In such case, the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s).

Unless the Manager and the Trustee otherwise agree, redemption proceeds will only be paid to a bank account that bears the name of the redeeming Unitholder. If relevant account details are not provided, redemption proceeds will be paid to the redeeming Unitholder (or to all joint Unitholders in case of joint Unitholders) at the Unitholder's risk by cheque, usually in the base

currency or the class currency of the relevant class of Units and sent to the redeeming Unitholder at the last known address held in the records of the Registrar. Any unclaimed redemption proceeds shall become part of the assets of the Sub-Fund seven years from the day on which such proceeds are payable.

Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the agreement of the Trustee or the Manager, and to applicable limits on foreign exchange, redemption proceeds can be paid in a currency other than the base currency or the class currency of a Unit at the request and expense of the Unitholder. In such circumstances, the Trustee or the Manager shall use such currency exchange rates as it may from time to time determine. Currency conversion will be subject to availability of the currency concerned. None of the Manager, the Trustee or their respective agents or delegates will be liable to any Unitholder for any loss suffered by any person arising from the said currency conversion.

The Trust Deed also provides for payment of redemption proceeds in specie with the consent of the relevant Unitholder.

SWITCHING BETWEEN CLASSES

Unitholders have the right (subject to any suspension in the determination of the net asset value of any relevant Sub-Fund and such limitations as described in the Appendix for the relevant Sub-Fund or as the Manager after consulting with the Trustee may impose) to switch all or part of their Units of any class into Units of any other class by giving notice in writing to the Authorised Distributors. A request for switching will not be effected if as a result the relevant holder would hold less than the minimum holding amount of Units of the relevant class prescribed by, or is prohibited from holding Units of the relevant class under, the relevant Appendix. Switching of Units is subject to such limitations as the Manager after consulting with the Trustee may impose from time to time. Such limitations may arise from the need to convert between different currencies in which the relevant classes are denominated.

Units shall not be switched during any period when the determination of the Net Asset Value of any relevant class of the Sub-Fund is suspended.

Requests for switching received prior to the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. Neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of a request for switching or any amendment to a request for switching prior to receipt. Notices to switch may not be withdrawn without the consent of the Manager.

The rate at which the whole or any part of a holding of Units of a class (the "**Existing Class**") will be switched to Units of another class (the "**New Class**") will be determined in accordance with the following formula:

$$N = \frac{(E \times R \times F - SF)}{S}$$

Where:

N is the number of Units of the New Class to be issued.

E is the number of Units of the Existing Class to be switched.

F is the currency conversion factor determined by the Manager for the relevant Dealing Day as representing the effective rate of exchange between the base currency of Units of the Existing Class and the base currency of Units of the New Class.

R is the Redemption Price per Unit of the Existing Class applicable on the relevant Dealing Day less any Redemption Charge imposed by the Manager.

S is the Issue Price per Unit for the New Class applicable on the Dealing Day of the New Class or immediately following the relevant Dealing Day PROVIDED THAT where the issue of Units of the New Class is subject to the satisfaction of any conditions precedent to such issue then S shall be the Issue Price per Unit of the New Class applicable on the first Dealing Day for the New Class falling on or after the satisfaction of such conditions.

SF is a switching charge (if any).

The Manager has a right to impose a switching charge of up to 4.0% of the total amount being switched into and the current rates are set out in the relevant Appendix.

Depending on the Valuation Point of the relevant Sub-Fund and the time required to remit the switching money, the day on which investments are switched into the New Class may be later than the day on which investments in the Existing Class are switched out or the day on which the instruction to switch is given.

If there is, at any time during the period from the time as at which the Redemption Price per Unit of the Existing Class is calculated and the time at which any necessary transfer of funds from the Sub-Fund to which the Existing Class relates to the Sub-Fund to which the New Class relates, a devaluation or depreciation of any currency in which any investment of the original Sub-Fund is denominated or normally traded, the Redemption Price per Unit of the Existing Class shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation and the number of Units of the New Class which will arise from that switching shall be recalculated as if that reduced Redemption Price had been the Redemption Price ruling for redemption of Units in the Existing Class on the relevant Dealing Day.

Restrictions on redemption and switching

The Manager may suspend the redemption or switching of Units or delay the payment of redemption proceeds, in consultation with the Trustee**,** during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

Any Unitholder may at any time after such a suspension has been declared and before lifting of such suspension withdraw any request for the redemption of Units of such class by notice in writing to the Authorised Distributors.

With a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of any Sub-Fund redeemed on any Dealing Day (whether by sale to the Manager or by cancellation of Units) to 10% of the total number of Units of the relevant Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders of the relevant Sub-Fund who have validly requested to redeem Units of the same Sub-Fund on that Dealing Day will redeem the same proportion of such Units of that Sub-Fund provided that any holdings so requested to be redeemed being in aggregate of not more than 1% of the total number of Units of any Sub-Fund in issue may be redeemed in full if in the opinion of the Manager with the Trustee's approval the application of such limitation would be unduly onerous or unfair to the Unitholder or Unitholders concerned. Any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager has the same power) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned within 7 days of such Dealing Day.

The Manager does not authorise practices connected to market timing and it reserves the right to reject any applications for subscriptions or switching of Units from a Unitholder which it suspects to use such practices and take, the case be, the necessary measures to protect the Unitholders of the Sub-Funds.

Market timing is to be understood as an arbitrage method through which a Unitholder systematically subscribes, redeems or switches Units within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the concerned Sub-Funds.

VALUATION

The value of the net assets of each Sub-Fund will be determined as at each Valuation Point in accordance with the Trust Deed. The Trust Deed provides (inter alia) that:-

(a) except in the case of any interest in a collective investment scheme to which paragraph (b) applies or a commodity, and subject as provided in paragraph (f) below, all calculations based on the value of investments quoted, listed or dealt in on any stock exchange, over-the-counter market or securities market ("**Securities Market**") shall be made by reference to the last traded price or last closing price on the principal Securities Market for such investments, at or immediately preceding the Valuation Point, provided that if the Manager in its discretion considers that the prices ruling on a Securities Market other than the principal Securities Market provide in all the circumstances a fairer criterion of value in relation to any such investment, it may adopt such prices with the approval of the Trustee; and in determining such prices the Manager and the Trustee shall be entitled to use and rely on without verification electronic price feeds from such source or sources as they may from time to time determine notwithstanding the prices used are not the last traded prices;

(b) subject as provided in paragraphs (c) and (f) below, the value of each interest in any collective investment scheme shall be the net asset value per unit or share as at the same day, or if such collective investment scheme is not valued as at the same day, the last published net asset value per unit or share in such collective investment scheme (where available) or (if the same is not available) the last published redemption or bid price for such Unit or share at or immediately preceding the Valuation Point;

(c) if no net asset value, bid and offer prices or price quotations are available as provided in paragraph (b) above, the value of the relevant investment shall be determined from time to time in such manner as the Manager shall determine with the approval of the Trustee;

(d) the value of any investment which is not quoted, listed or normally dealt in on a market shall be the initial value thereof equal to the amount expended out of the Sub-Fund in the acquisition of such investment (including in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be

made by a professional person approved by the Trustee as qualified to value such investment;

(e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof;

(f) notwithstanding the foregoing, the Manager may in consultation with the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment; and

(g) the value (whether of a borrowing or other liability, an investment or cash) otherwise than in the base currency of a Sub-Fund shall be converted into the base currency at the rate (whether official or otherwise) which the Manager or the Trustee shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

Suspension of Calculation of Net Asset Value

The Manager may, in consultation with the Trustee, declare a suspension of the determination of the Net Asset Value of a Sub-Fund for the whole or any part of any period during which:

(a) there is a closure of or the restriction or suspension of trading on any commodities market or securities market on which a substantial part of the investments of the relevant Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of the relevant Sub-Fund or the Issue Price or Redemption Price per Unit; or

(b) for any other reason the prices of a substantial part of the investments held or contracted for by the Manager for the account of that Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly or fairly be ascertained; or

(c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments held or contracted for the account of

that Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of the relevant class; or

(d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of that Sub-Fund or the issue or redemption of Units of the relevant class in the Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange; or

(e) when a breakdown in the systems and/or means of communication usually employed in ascertaining the value of a substantial part of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Redemption Price per Unit takes place or when for any other reason the value of a substantial part of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Redemption Price per Unit cannot in the opinion of the Manager reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or

(f) when, in the opinion of the Manager, such suspension is required by law or applicable legal process; or

(g) where that Sub-Fund is invested in one or more collective investment schemes and the realisation of interests in any relevant collective investment scheme(s) (representing a substantial portion of the assets of the Sub-Fund) is suspended or restricted; or

(h) when the business operations of the Manager, the Trustee or any of their delegates in relation to the operations of that Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or

(i) when the Unitholders or the Manager have resolved or given notice to terminate that Sub-Fund.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the relevant Sub-Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall

exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice (i) in respect of the Ping An SIF – RMB Bond Fund, in the Hong Kong Standard and the Hong Kong Economic Times and (ii) in respect of Ping An Money Market Fund, Ping An Stable Fund and Ping An Hong Kong Dollar Money Market Fund, on the Manager's website (https://asset.pingan.com.hk/) (this website has not been reviewed by the SFC).

No Units in the relevant Sub-Fund may be issued, redeemed or switched during such a period of suspension.

INVESTMENT AND BORROWING RESTRICTIONS

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager.

Investment Restrictions

Unless otherwise disclosed in the Appendix for each Sub-Fund and agreed by the SFC, each of the Sub-Fund(s) is subject to the following principal investment restrictions:-

(a) the aggregate value of the Sub-Fund's investments in, or exposure to, any single entity through the following may not exceed 10% of the Net Asset Value of the Sub-Fund save as permitted by Chapter 8.6(h) and as varied by Chapter 8.6(h)(a) of the Code:

(1) investments in securities issued by such entity;

(2) exposure to such entity through underlying assets of financial derivative instrument ("**FDI**"); and

(3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;

(b) subject to (a) above and Chapter 7.28(c) of the Code, the aggregate value of a Sub-Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the Net Asset Value of the Sub-Fund:

(1) investments in securities issued by such entities;

(2) exposure to such entities through underlying assets of FDIs; and

(3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;

(c) the value of the Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the Net Asset Value of the Sub-Fund, unless:

(1) the cash is held before the launch of the Sub-Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested, or

(2) the cash is proceeds from liquidation of investments prior to the merger or termination of the Sub-Fund, whereby the placing of cash deposits with various financial institutions may not be in the best interest of investors; or

(3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;

(d) ordinary shares issued by any single entity held for the account of the Sub-Fund, when aggregated with other holdings of ordinary shares of the same entity held for the account of all other Sub-Funds under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by a single entity;

(e) not more than 15% of the Net Asset Value of a Sub-Fund may be invested in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such securities are regularly traded;

(f) notwithstanding (a), (b), (d) and (e), where direct investment by the Sub-Fund in a market is not in the best interests of investors, the Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:

(1) the underlying investments of the subsidiary, together with the direct investments made by the Sub-Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;

(2) any increase in the overall fees and charges directly or indirectly borne by the Unitholders or the Sub-Fund as a result must be clearly disclosed in the Explanatory Memorandum; and

(3) the Sub-Fund must produce the reports required by the Code in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Sub-Fund;

(g) notwithstanding (a), (b) and (d) above, not more than 30% of the Net Asset Value of a Sub-Fund may be invested in Government and other Public Securities of the same issue;

(h) subject to (g) above, a Sub-Fund may fully invest in Government and other Public Securities in at least six different issues;

(i) unless otherwise approved by the SFC, a Sub-Fund may not invest in physical commodities;

(j) for the avoidance of doubt, exchange traded funds that are:

(1) authorised by the SFC; or

(2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (i) listed Securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (ii) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in exchange traded funds shall be subject to paragraph (e) above and the relevant investment limits in exchange traded funds by the Sub-Fund should be consistently applied and clearly disclosed in this Explanatory Memorandum;

(k) where the Sub-Fund invests in shares or units of other collective investment schemes ("**managed funds**"),

(1) the value of the Sub-Fund's investment in units or shares in managed funds which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC, may not in aggregate exceed 10% of the Net Asset Value of the Sub-Fund; and

(2) the Sub-Fund may invest in one or more managed funds which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Sub-Fund's investment in units or shares in each such managed fund may not exceed 30% of the Net Asset Value of the Sub-Fund, unless the managed fund is authorised by the SFC and its name and key investment information are disclosed in the Explanatory Memorandum of the Sub-Fund,

provided that in respect of (1) and (2) above:

(i) the objective of each managed fund may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that managed fund's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, the Sub-Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total Net Asset Value, and exchange traded funds satisfying the requirements in paragraph (i) above in compliance with paragraph (k)(1)

and (k)(2) above;

(ii) where the managed funds are managed by the same management company as that of the Sub-Fund that invests in them, or by other companies within the same group that the Manager belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the managed fund;

(iii) the objective of the managed funds may not be to invest primarily in other collective investment scheme(s);

(iv) where an investment is made in any managed fund(s) managed by the Manager or any of its Connected Persons, all initial charges and redemption charges on the managed fund(s) must be waived; and

(v) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by a managed fund or the management company of a managed fund, or quantifiable monetary benefits in connection with investments in any managed fund;

(l) the Sub-Fund may invest 90% or more of its total Net Assets Value in a single collective investment scheme and may be authorised as a feeder fund by the SFC. In this case:

(1) the managed fund ("**master fund**") must be authorised by the SFC;

(2) the Explanatory Memorandum must state that:

(i) the Sub-Fund is a feeder fund into the master fund;

(ii) for the purpose of complying with the investment restrictions, the Sub-Fund and its master fund will be deemed a single entity;

(iii) the Sub-Fund's annual report must include the investment portfolio of the master fund as at the financial year end date; and

(iv) the aggregate amount of all the fees and charges of the Sub-Fund and its underlying master fund must be clearly disclosed;

(3) (unless otherwise approved by the SFC) no increase in the overall total of initial charges, redemption charges, management company's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders or by the Sub-Fund may result, if the master fund in which the Sub-Fund invests is managed by the Manager or by its Connected Person; and

(4) notwithstanding paragraph (k)(2)(iii) above, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraph (k) above; and

(m) if the name of the Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund should, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.

A Sub-Fund shall not:

(a) invest in a security of any Class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that Class or the directors and officers of the Manager collectively own more than 5% of those securities;

(b) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs));

(c) make short sales if as a result a Sub-Fund would be required to deliver Securities exceeding 10% of the Net Asset Value of the Sub-Fund (and for this purpose Securities sold short must be actively traded on a market where short selling is permitted);

(d) lend or make a loan out of the assets of a Sub-Fund, except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;

(e) subject to Chapter 7.3 of the Code, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;

(f) enter into any obligation in respect of a Sub-Fund or acquire any asset or engage in any transaction for the account of a Sub-Fund which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of Unitholders is limited to their investment in the relevant Sub-Fund; or

(g) apply any part of the Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of a Sub-Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs or the purposes of Chapter 7.29 and 7.30 of the Code.

Securities Lending, Repurchase or Reverse Repurchase Transactions

Where specified in the relevant Appendix, a Sub-Fund may enter into securities lending transactions, repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions ("**securities financing transactions**") provided that they are in the best interests of the Unitholders, the associated risks have been properly mitigated and addressed, and the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

The Sub-Fund is subject to the following requirements when engaging in securities financing transactions:

- it shall have at least 100% collateralisation in respect of the securities financing transactions into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions;

- all the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions shall be returned to the Sub-Fund;

- it shall ensure that it is able to at any time to recall the securities or the full amount of cash (as the case may be) subject to the securities financing transactions or terminate the securities financing transactions into which it has entered.

Further, details of the arrangements are as follows:

(a) Subject to any specific provisions or limitations applicable to any Sub-Funds, the Manager may, on behalf of a Sub-Fund, enter into securities financing transactions for up to 15% of the assets of the relevant Sub-Fund;

(b) any incremental income generated from securities financing transactions will be credited to the account of the relevant Sub-Fund after deducting any fees charged by parties operating such transactions;

(c) where securities financing transactions are carried out through a connected person of the Manager or the Trustee, such person shall be entitled to retain a fee on a commercial basis, provided that all transactions shall be effected at arm's length and on best available terms and periodic disclosure is made in the Fund's annual reports;

(d) each counterparty is expected to have a minimum counterparty risk rating of "BBB" assigned by Moody's Investor Services, Inc. or Standard & Poor's Corporation or other recognized rating agencies, or deemed to have an implied rating of "BBB" or above, alternatively, an unrated counterparty will be acceptable where the relevant Sub-Fund is indemnified against losses caused by such counterparty, by an entity which has a minimum counterparty risk rating of "BBB"; and

(e) the Trustee, upon the instruction of the Manager, will take collateral, which can be cash or non-cash assets fulfilling the requirements under "Collateral" below.

Borrowing

Subject always to the provisions of the Trust Deed and the Code and unless a lower percentage is specified in respect of a Sub-Fund in the relevant Appendix, borrowing against the assets of the Sub-Fund is allowed up to a maximum of 10% of its latest available Net Asset Value. The Trustee may, at the request of the Manager concur to borrow for the account of a Sub-Fund any currency, and charge or pledge assets of the Sub-Fund for securing such borrowing for the account of the Sub-Fund, and interest thereon and expenses thereof), for the following purposes:

(a) facilitating the creation or redemption of Units or defraying operating expenses; or

(b) enabling the Manager to acquire Securities for the account of the Sub-Fund.

Financial Derivative Instruments

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of a Sub-Fund enter into any transactions in relation to swaps or other FDIs, for hedging or non-hedging (investment) purposes.

A Sub-Fund may acquire FDIs for hedging purposes. FDIs are considered as being acquired for hedging purpose if they meet all of the following criteria:

(a) they are not aimed at generating any investment return;

(b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss of risks arising from the investments being hedged;

(c) they should relate to the same asset Class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

A Sub-Fund may acquire FDIs for non-hedging purposes ("**investment purposes**"), subject to the limit that the Sub-Fund's net exposure relating to these FDIs ("**net derivative exposure**") does not exceed 50% of its total Net Asset Value. For the avoidance of doubt:

(a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by the Sub-Fund for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time

available to liquidate the position;

(b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time; and

(c) FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

Subject to 7.26 and 7.28 of the Code, a Sub-Fund may invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the Sub-Fund, may not in aggregate exceed the correponding investment restrictions or limitations applicable to such underlying assets and investments as set out in 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the Code.

The FDIs invested by a Sub-Fund shall be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:

(a) the underlying assets consist solely of shares in companies, debt Securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest according to its investment objectives and policies;

(b) the counterparties to over-the-counter FDI transactions or their guarantors are substantial financial institutions;

(c) subject to paragraphs (a) and (b) under the section entitled "Investment Restrictions" above, the net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the Net Asset Value of the Sub-Fund; and

(d) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) independent of the issuer of the FDIs through measures such as the establishment of a valuation committee or engagement of third party services. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Sub-Fund. Further, the calculation agent/fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

The Sub-Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in

FDIs are adequately covered on an ongoing basis. A transaction in FDIs which gives rise to a future commitment or contingent commitment of the Sub-Fund should also be covered as follows:

- in the case of FDI transactions which will, or may at the Sub-Fund's discretion, be cash settled, the Sub-Fund should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

- in the case of FDI transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Sub-Fund should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation.

The above policies relating to FDIs apply to financial instruments which embed financial derivatives as well.

Collateral

Collateral received from counterparties shall comply with the following requirements:

- Liquidity – collateral must be sufficiently liquid and tradable that it can be sold quickly at a robust price that is close to pre-sale valuation and should normally trade in a deep and liquid market place with transparent pricing;

- Valuation – collateral should be marked-to-market daily by using independent pricing source;

- Issuer credit quality – asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;

- Haircut - collateral should be subject to prudent haircut policy which should be based on the market risks of the assets;

- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and a Sub-Fund's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapter 7 of the Code;

- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs in such a way that would undermine the effectiveness of the collateral. As such, securities issued by the counterparty or the issuer of the FDIs or any of their related entities should not be used

as collateral;

- Management of operational and legal risks – the Manager shall have appropriate systems, operational capabilities and legal expertise for proper collateral management;

- Independent custody – collateral must be held by the Trustee;

- Enforceability – collateral must be readily accessible/enforceable by the Trustee without further recourse to the issuer of the FDIs or the counterparty of the securities financing transactions;

- Cash collateral - cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. Non-cash collateral received may not be sold, re-invested or pledged;

- Encumbrances - collateral should be free of prior encumbrances; and

- Collateral should not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

Subject to the requirements above, below is a summary of the collateral policy and criteria adopted by the Manager:

- eligible collateral includes cash and securities that a Sub-Fund may invest in, as disclosed in this Explanatory Memorandum (including the relevant Appendix), except FDIs of any forms;

- high yield collaterals, defined as any instrument with an issue or issuer rating of BB+ or below (as assigned by Moody's, Standard & Poor's and Fitch, whichever is the lowest) will be subjected to a haircut of 10%;

- single issuer exposure will be subject to the same issuer concentration limits applicable to the Sub-Fund, as disclosed in this Explanatory Memorandum (including the relevant Appendix); a Sub-Fund's exposure to issuer(s) of the collateral should be taken into account in determining compliance with the investment restrictions and limitations set out in this Explanatory Memorandum (including the relevant Appendix) ;

- collateral must be readily enforceable by the Trustee and may be subject to netting or set-off; and

- the maximum amount available for cash collateral re-investment is 100% of the value of the instrument in which such investment is initially made.

Additional Investment Restrictions

Unless otherwise approved by the SFC or stated in the relevant Appendix, the following additional investment restrictions apply to a Sub-Fund authorised by the SFC as a money market fund under Chapter 8.2 of the Code:

(a) such Sub-Fund may only invest in short-term deposits and high quality money market instruments, and up to 10% of its total Net Asset Value in money market funds that are authorised by the SFC under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC;

(b) the Sub-Fund must maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other Public Securities;

(c) notwithstanding paragraphs (a) and (c) under the section "Investment Restrictions" above, the aggregate value of such Sub-Fund's holding of instruments and deposits issued by a single entity may not exceed 10% of the Net Asset Value of the Sub-Fund except:

(1) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or

(2) in the case of Government and other Public Securities, up to 30% may be invested in the same issue; or

(3) in respect of any deposit of less than USD1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size.

(d) notwithstanding paragraphs (b) and (c) under the section "Investment Restrictions" above, the aggregate value of such Sub-Fund's investments in entities within the same group through instruments and deposits may not exceed 20% of its total Net Asset Value except:

(1) in respect of any cash deposit of less than USD1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size; and

(2) where the entity is a substantial financial institution and the total amount does

not exceed 10% of the entity's share capital and non-distributable reserves, the limit may be increased to 25%;

(e) notwithstanding the section headed "Borrowing" above, such Sub-Fund may borrow up to 10% of its total Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses;

(f) the value of such Sub-Fund's holding of investments in the form of asset-backed securities may not exceed 15% of its total Net Asset Value;

(g) subject to the sections headed "Securities Lending, Repurchase or Reverse Repurchase Transactions" and "Collateral" above, such Sub-Fund may engage in sale and repurchase and reverse repurchase transactions in compliance with the following requirements:

(1) the amount of cash received by the Sub-Fund under sale and repurchase Transactions may not in aggregate exceed 10% of its total Net Asset Value;

(2) the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund;

(3) collateral received may only be cash, high quality money market instruments, and may also include, in the case of reverse repurchase transactions, government securities receiving a favourable assessment on credit quality; and

(4) the holding of collateral, together with other investments of the Sub-Fund, must not contravene the investment limitations and requirements set out under Chapter 8.2 of the Code;

(h) such Sub-Fund may use FDIs for hedging purposes only;

(i) the currency risk of such Sub-Fund shall be appropriately managed and any material currency risk that arises from investments that are not denominated in the Base Currency shall be appropriately hedged;

(j) such Sub-Fund must hold at least 7.5% of its total Net Asset Value in daily liquid assets and at least 15% of its total Net Asset Value in weekly liquid assets. For this purpose:

(1) daily liquid assets refer to (i) cash; (ii) instruments or securities convertible into cash (whether by maturity or through exercise of a demand feature) within one Business Day; and (iii) amount receivable and due unconditionally within one Business Day on pending sales of portfolio securities;

(2) weekly liquid assets refer to (i) cash; (ii) instruments or securities convertible into cash (whether by maturity or through exercise of a demand feature) within five Business Days; and (iii) amount receivable and due unconditionally within five Business Days on pending sales of portfolio securities;

(3) periodic stress testing shall be carried out by the Manager in monitoring the liquidity of the relevant Sub-Fund.

If any of the restrictions or limitations set out above is breached in respect of a Sub-Fund, the Manager will make it a priority objective to take all necessary steps within a reasonable period of time to remedy such breach, taking into account the interests of the Unitholders of that Sub-Fund.

The Trustee will take reasonable care to ensure that the investment and borrowing limitations set out in the constitutive documents and the conditions under which the Sub-Fund was authorised are complied with.

LIQUIDITY RISK MANAGEMENT

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Fund and to ensure that the liquidity profile of the investments of the Fund will facilitate compliance with the Fund's obligation to meet redemption requests. Such policy, combined with the liquidity management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders in case of sizeable redemptions.

The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations and the fair valuation policies of the Fund. These measures seek to ensure fair treatment and transparency for all investors.

The liquidity management policy involves monitoring the profile of investments held by the Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "Redemption of Units", and will facilitate compliance with the Fund's obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Fund under normal and exceptional market conditions.

As a liquidity risk management tool, the Manager may suspend the right to redeem Units and/or delay the payment of any monies and redemption proceeds during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended. This is further detailed in the sub-section headed "Restrictions on redemption and switching."

RISK FACTORS

Investors should consider the following risks and any additional risk(s) relating to any specific Sub-Fund, contained in the relevant Appendix, before investing in any of the Sub-Funds. Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not a Sub-Fund is suitable for them, they should obtain independent professional advice.

Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of any Sub-Fund and the income from them may go down as well as up.

(i) ***Market risk*** – The value of investments and the income derived from such investments may fall as well as rise and investors may not recoup the original amount invested in the Sub-Funds. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies. In falling equity markets there may be increased volatility. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time, and can be influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons.

(ii) ***China market risk*** – Investing in the China market is subject to the risks of investing in emerging markets generally and the risks specific to the China market.

Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in PRC's political, social or economic policies may have a negative impact on investments in the China market.

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

Investments in equity interests of Chinese companies may be made through China A-Shares, B-Shares and H-Shares. Investment in RMB denominated bonds may be made in or outside the PRC. As the number of these securities and their combined total market value are relatively small compared to more developed markets, investments in these securities may be subject to increased price volatility and lower liquidity.

The Chinese government's control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of companies in the PRC. Insofar as a Sub-Fund's assets are invested in the PRC, it will be subject to the risk of the PRC government's imposition of restrictions on the repatriation of funds or other assets out of the country, limiting the ability of the Sub-Fund to satisfy payments to investors.

Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the relevant Sub-Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

(iii) ***Renminbi currency risk*** – Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors (including but not limited to different market and regulatory conditions). It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the relevant Sub-Fund. Investors whose base currency is not the Renminbi may be adversely affected by changes in the exchange rates of the Renminbi. Further, the PRC government's imposition of restrictions on the repatriation of Renminbi out of China may limit the depth of the Renminbi market in Hong Kong and reduce the liquidity of the relevant Sub-Fund. The

Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the Sub-Fund's or the investors' position may be adversely affected.

Please note that currency conversion may also be subject to the availability of Renminbi at the relevant time, for example, there may not be sufficient Renminbi for conversion in case of sizeable subscriptions (in non-RMB denominated classes of Units) and in which case may affect the investor's investment in the relevant Sub-Fund.

(iv) ***Emerging markets risk*** – Various countries in which a Sub-Fund may invest are considered as emerging markets. Investments in emerging markets will be sensitive to any change in political, social or economic development in the region. Many emerging countries have historically been subject to political instability which may affect the value of securities in emerging markets to a significant extent. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk. The securities markets of some of the emerging countries in which a Sub-Fund's assets may be invested are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. The securities markets of developing countries are not as large as the more established securities markets and have a substantially lower trading volume. Investment in such markets will be subject to risks such as market suspension, restrictions on foreign investment and control on repatriation of capital. There are also possibilities of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of emerging markets or the value of the Sub-Funds' investments.

Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some countries in which a Sub-Fund may invest may differ from those applicable in developed countries, for example, less information is available to investors and such information may be out of date.

(v) ***Custodial, Clearance and Settlement Risk –*** The lack of adequate custodial, clearance and settlement systems in some emerging economies or markets may prevent either partial or total investment in such markets or may require a Sub-Fund to accept greater custodial, clearance and/or settlement risks in order to make any such investment.

There are risks arising from the inadequacy of systems to ensure the transfer, evaluation, compensation and/or recording of securities, the procedure for registering securities, the custody of securities and liquidation of transactions. These risks do not occur as frequently in more developed markets or economies.

Certain economies or markets present specific risks in the registration of assets, where registrars are not always subject to effective government supervision as well as in relation to the custody and safekeeping of securities. In some of these emerging economies or markets, difficulties could arise in relation to the registration of portfolio assets. In such circumstances, registration of shareholdings in favour of a Sub-Fund may become lost through default, negligence or refusal to recognise ownership, resulting in loss to the Sub-Fund. Investments may also sometimes be evidenced in the form of confirmation delivered by local registrars, which are neither subject to effective supervision nor always independent from issuers. The possibility of fraud, negligence or refusal to recognise ownership exists, which could result in the registration of an investment being completely lost. Investors should be aware that such Sub-Funds could be exposed to a loss arising from such registration problems.

The clearance and settlement systems available to effect trades on emerging markets or economies may be significantly less developed than those in more developed markets or economies, which may result in delays and other material difficulties in settling trades and in registering transfers of securities. In certain economies or markets, there have been times when clearance and settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Problems with clearance and settlement in these markets may affect the value and liquidity of a Sub-Fund. The inability of a Sub-Fund to make intended securities purchases due to clearance and settlement problems could cause the Sub-Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by such problems could result either in losses to a Sub-Fund due to subsequent declines in value of the portfolio security or, if a Sub-Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

In addition, such economies or markets have different clearance and settlement procedures. A Sub-Fund will be exposed to credit risks of parties with or through whom it trades and will also bear the risk of settlement default. Market practice in certain emerging markets or economies, in which a Sub-Fund may invest, in relation to the clearance and settlement of securities transactions, may increase such risks. In

certain securities markets, transactions may not be executed on a delivery versus payment / receive versus payment (DVP/RVP) basis and there may be a difference in settlement dates for cash and securities, which creates counterparty risk.

(vi) ***Currency risk*** – Certain Sub-Funds may be invested in part in assets quoted in currencies other than its base currency. The performance of such Sub-Funds will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency of the Sub-Funds. In addition, any class not denominated in the base currency of the Sub-Fund is exposed to possible adverse currency fluctuations between its currency of denomination and the base currency. Since the Manager aims to maximise returns for each Sub-Fund in terms of its base currency, investors of the relevant Sub-Fund or class may be exposed to additional currency risk.

(vii) ***Interest rate risk*** – Changes in interest rates may affect the value of a security as well as the financial markets in general. Debt instruments (such as bonds) are more susceptible to fluctuation in interest rates and may fall in value if interest rates change. Generally, the prices of debt instruments rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt instruments are usually more sensitive to interest rate changes.

(viii) ***Credit rating downgrading risk*** – Investment grade securities may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a Sub-Fund's investment value in such security may be adversely affected. The Manager may or may not dispose of the securities, subject to the investment objectives of the relevant Sub-Fund. In the event of investment grade securities being downgraded to below investment grade securities, the Sub-Fund will also be subject to the below investment grade securities risk outlined in the following paragraph.

(ix) ***Below investment grade and non-rated securities risk*** – A Sub-Fund may invest in securities which are below investment grade or which are non-rated. Investors should note that such securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer of securities defaults, or such securities cannot be realised, or perform badly, investors may suffer substantial losses. The market for these securities may be less active,

making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the relevant Sub-Fund's prices may be more volatile.

In particular, the value of lower-rated or unrated corporate bonds is affected by investors' perceptions. When economic conditions appear to be deteriorating, lower rated or unrated corporate bonds may decline in market value due to investors' heightened concerns and perceptions over credit quality.

(x) ***Credit risk*** – An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to a decrease in the security value. A lowering of the credit rating of a security or its issuer may also affect the security's liquidity, making it more difficult to sell and this may also lead to greater volatility of the security. A Sub-Fund's investment is also subject to the risk that issuers may not make payments on the securities they issue.

(xi) ***Over-the-counter markets risk*** – Over-the-counter (OTC) markets are subject to less governmental regulation and supervision of transactions (in which many different kinds of financial derivative instruments and structured products are generally traded) than organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions carried out on OTC markets. Therefore, a Sub-Fund entering into transactions on OTC markets will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a Sub-Fund will sustain losses.

In addition, certain instruments traded on the OTC markets (such as customised financial derivatives and structured products) can be illiquid. The market for relatively illiquid investments tends to be more volatile than the market for more liquid investments.

(xii) ***Concentration risk*** **–** Certain Sub-Funds may invest only in a specific country/region/sector. Each Sub-Fund's portfolio may not be well diversified in terms of the number of holdings, investors should also be aware that such Sub-Funds are likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as they are more susceptible to fluctuations in value resulting from limited number of holdings or from adverse conditions in their respective countries.

(xiii) ***Hedging risk*** – The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market risks. There is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result.

(xiv) ***Liquidity risk*** – Some of the markets in which a Sub-Fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of securities traded on such markets. Certain securities may be difficult or impossible to sell, and this would affect the Sub-Fund's ability to acquire or dispose of such securities at their intrinsic value.

A Sub-Fund may invest in instruments where the volume of transactions may fluctuate significantly depending on market sentiment. There is a risk that investments made by a Sub-Fund may become less liquid in response to market developments or adverse investor perceptions. In extreme market situations, there may be no willing buyer and the investments cannot be readily sold at the desired time or price, and a Sub-Fund may have to accept a lower price to sell the investments or may not be able to sell the investments at all. An inability to sell a portfolio position can adversely affect a Sub-Fund's value or prevent the Sub-Fund from being able to take advantage of other investment opportunities.

Liquidity risk also includes the risk that a Sub-Fund will not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests, or other uncontrollable factors. To meet redemption requests, a Sub-Fund may be forced to sell investments, at an unfavourable time and/or conditions.

(xv) ***Derivative, structured product and collateral risk*** – The Sub-Funds may invest in derivatives such as options, futures and convertible securities, and in depositary receipts, participation rights and potentially through other instruments which are linked to the performance of securities or indices such as participation notes, equity swaps and equity linked notes, which are sometimes referred to as "structured products". Investment in these instruments can be illiquid, if there is no active market in these instruments. Such instruments are complex in nature. Therefore there are risks of mispricing or improper valuation and possibilities that these instruments do not always perfectly track the value of the securities, rates or indices they are designed to track. Improper valuations can result in increased payments to counterparties or a loss in the value of the relevant Sub-Funds. The instruments will

also be subject to insolvency or default risk of the issuers or counterparties. In addition, investment through structured products may lead to a dilution of performance of such Sub-Funds when compared to a fund investing directly in similar assets. Besides, many derivative and structured products involve an embedded leverage. This is because such instruments provide significantly larger market exposure than the money paid or deposited when the transaction is entered into, so a relatively small adverse market movement could expose the relevant Sub-Funds to the possibility of a loss exceeding the original amount invested. Compared to a direct investment in the underlying assets, derivatives can be more sensitive to changes in market prices of the underlying assets and thus market prices of derivatives may fall in value as rapidly as they may rise. Investors investing in such Sub-Funds are exposed to a higher degree of fluctuation in value than a Sub-Fund which does not invest in derivatives.

There are risks associated with management of collateral and re-investment of collateral. The value of any collateral received in respect of any derivative transactions may be affected by market events. In the case of collateral assets which are listed securities, the listing of such securities may be suspended or revoked or the trading of such securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may take longer to realise the relevant collateral assets. In the case of collateral assets which are debt securities, the value of such securities will be dependent on the creditworthiness of the issuers or obligors in respect of the relevant collateral assets. In the event any issuer or obligor of such collateral assets is insolvent, the value of the collateral assets will be reduced substantially and may cause the relevant Sub-Fund's exposure to such counterparty to be under-collateralised. If the Sub-Fund reinvests cash collateral, it is subject to risks associated with such investments, such as failure or default of the issuer of the relevant security.

(xvi) ***Risks relating to 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.

(xvii) ***Risks relating to sale and repurchase agreements*** – If the buyer of securities of the Sub-Fund under a repurchase agreement defaults on its obligation to sell the underlying securities back to the Sub-Fund, as a result of its bankruptcy or otherwise, the Sub-Fund may not be able to substantiate its interest in the underlying securities. 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.

(xviii) ***Risks relating to reverse-repurchase agreements –*** 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.

(xix) ***Restricted markets risk*** – The Sub-Funds may invest in securities in jurisdictions (including China) which impose limitations or restrictions on foreign ownership or holdings. In such circumstances, the Sub-Funds may be required to make investments in the relevant markets directly or indirectly. In either case, legal and regulatory restrictions or limitations may have adverse effect on the liquidity and performance of such investments due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers.

(xx) ***Restriction on Auditor's Liability*** - The engagement letter entered into by the Fund, its sub-funds and the auditor contains provisions limiting the liability of the auditor to a certain amount stated in the engagement letter, except to the extent to which the auditor is finally determined to have engaged in wilful misconduct or fraudulent behaviour. Other release and indemnity provisions are also contained in the engagement letter.

(xxi) ***PRC tax considerations*** – By investing in Renminbi denominated corporate and government bonds issued by tax residents in the PRC, a Sub-Fund may be subject to withholding and other taxes imposed in the PRC.

(A) <u>Renminbi Instruments issued outside China by non-PRC tax resident enterprises</u>

Income (including interest income and capital gains) derived from the Sub-Fund's

investments in RMB denominated fixed income instruments issued by non-PRC tax resident enterprises outside China should not be subject to PRC taxes, unless the Sub-Fund is considered as a tax resident enterprise of the PRC.

(B) Renminbi Instruments issued by PRC tax resident enterprises

If the Sub-Fund is considered as a tax resident enterprise of the PRC, it will be subject to PRC Corporate Income Tax ("**CIT**") at 25% on its worldwide taxable income. If the Sub-Fund is considered as a non-PRC tax resident enterprise but has a permanent establishment ("**PE**") in the PRC, the profits attributable to that PE would be subject to CIT at 25%.

It is the intention of the Manager to operate the affairs of the Sub-Fund such that it should not be treated as tax resident enterprises of the PRC or non-tax resident enterprises with a PE in the PRC for PRC CIT purposes, although this cannot be guaranteed. If the Sub-Fund is a non-PRC tax resident enterprise without PE in the PRC, the PRC sourced income derived by it from the investment in PRC Securities would be subject to 10% PRC withholding income tax ("WIT") in the PRC, unless exempt or reduced under the laws and regulations or relevant tax treaty.

Corporate Income Tax:

Interests

Unless a specific exemption or reduction is available under current PRC tax laws and regulations or relevant tax treaties, non-tax resident enterprises without PE in the PRC (such as the Sub-Fund), would be subject to WIT at the rate of 10% on the interests received from debt instruments issued by PRC tax resident enterprises. The entity distributing such interests is required to withhold such tax.

Under the PRC CIT Law and regulations, interests derived from government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council shall be exempt from PRC income tax. Further, under the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" (the "China-HK Arrangement"), the WIT charged on interests received by non-resident enterprise holders of debt instruments will be reduced to 7% of the gross amount of the interests, if the holders are Hong Kong residents and are the beneficial owners of the interests under the China-

HK Arrangement and other relevant conditions are satisfied. In practice, due to the practical difficulty in demonstrating the Sub-Fund is the beneficial owner of the interests received, the Sub-Fund is generally not eligible for the reduced WIT rate of 7%. In general, the prevailing rate of 10% should be applicable to the Sub-Fund.

On 7 November 2018, the Ministry of Finance ("MOF") and the State Taxation Administration ("STA") issued Caishui [2018] No. 108 ("Circular 108"), which stipulated that foreign institutional investors are exempt from China WIT and Value Added Tax "("VAT") in respect of bond interests received from 7 November 2018 to 6 November 2021 from investments in the China bond market.

Capital gains

Under current PRC tax law, there are no specific rules or regulations governing the taxation of the disposal of debt securities issued by PRC tax resident enterprises. The tax treatment for investment in debt securities issued by PRC tax residents is governed by the general taxing provisions of the CIT Law. Under such general taxing provision, the Sub-Fund would be potentially subject to 10% PRC WIT on the PRC-sourced capital gains, unless exempt or reduced under relevant double tax treaties.

Pursuant to Article 7 of the Detailed Implementation Regulations of the PRC CIT Law, where the property concerned is a movable property, the source shall be determined according to the location of the enterprise, establishment or place which transfers the property. The PRC tax authorities have verbally indicated that debt instruments issued by PRC tax resident enterprises are movable property. In this case, the source shall be determined based on the location of the transferor. As the Sub-Fund is located outside the PRC, gains derived by the Sub-Fund from debt instruments issued by PRC tax resident enterprises could be argued as offshore source and thus not subject to PRC WIT. However, there is no written confirmation issued by the PRC tax authorities that the debt instruments issued by PRC tax resident enterprises are movable property.

In addition to the verbal comments, Article 13.6 of the China-HK Arrangement provides that any gains derived by a Hong Kong tax resident from the disposal of PRC properties that are not referred to in Articles 13.1 to 13.5 of the China-HK Arrangement shall be taxable only in Hong Kong. As the debt instruments issued by the PRC tax resident enterprises are not referred to in Articles 13.1 to 13.5 of the China-HK Arrangement, capital gains derived by the Hong Kong tax resident from the disposal of debt instruments issued by the PRC tax resident enterprises should technically be

exempt from PRC WIT provided all the other relevant treaty conditions are satisfied, subject to agreement by the PRC tax authorities. In order to qualify for this preferential treatment, the Manager will further assess and seek agreement from the PRC tax authorities in relation to the relevant Sub-Fund, although this cannot be guaranteed.

However, in practice, the PRC tax authorities have not actively enforced the collection of PRC WIT in respect of gains derived by non-PRC tax resident enterprises from the trading of debt securities.

Value-added Tax ("VAT") and other surtaxes

(a) Interest income

On 23 March 2016, the MOF and the STA jointly issued the "Notice on the Comprehensive Roll-out of the B2V Transformation Pilot Program (the "B2V Pilot Program") Caishui [2016] No.36 ("Circular 36") announcing that the B2V Pilot Program will be rolled out to cover all remaining industries, including financial services. Circular 36 has taken effect from 1 May 2016, unless otherwise stipulated therein.

Pursuant to Circular 36, interests derived from bonds issued by PRC tax resident enterprises should be subject to VAT at 6% plus local surtaxes, unless specifically exempted. Interests derived from PRC government bonds issued by the in-charge Finance Bureau of the State Council and/or local government bonds approved by the State Council are exempted from VAT. On 7 November 2018, the MOF and the STA issued Circular 108 which stipulated that foreign institutional investors are exempted from China WIT and VAT in respect of bond interests received from 7 November 2018 to 6 November 2021 from investments in the China bond market.

If VAT is applicable, there are also other local surtaxes (including Urban Maintenance and Construction Tax, Education Surcharge and Local Education Surcharge) that could amount to as high as 12% of the VAT payable.

(b) Capital gains

Pursuant to Circular 36, gains realized from the trading of PRC marketable securities would generally be subject to VAT at 6%. Based on Article 4 of the "Supplementary Notice Regarding the VAT Policies on Inter-bank Financial Transactions by Financial Institutions" (Caishui [2016] No. 70), income derived by approved foreign investors

from the trading of RMB denominated debt securities in the China Interbank Bond Market should be exempt from China VAT. There is no specific VAT rules on Bond Connect, by making reference to the above circular and other related prevailing tax regulations, it is anticipated that gains derived by foreign investors from the trading of PRC bonds through "Northbound Trading" should also not be subject to China VAT.

If VAT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that could amount to as high as 12% of the VAT payable.

Stamp duty:

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty.

General:

There is a possibility that the current tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future and any such change may result in higher taxation on investments in China than currently contemplated. Any tax provision made by the Manager in respect of the Sub-Fund may be more than or less than the Sub-Fund's respective actual tax liabilities, which may potentially cause substantial loss to the Sub-Fund. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding policy of the Sub-Fund accordingly.

If it is subsequently determined that PRC tax is payable and that no PRC tax has been provisioned for, investors should note that the Net Asset Value of a Sub-Fund may fall significantly as the relevant Sub-Fund will have to bear the tax liabilities. If a Sub-Fund had made a PRC tax provision, upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, any sums withheld in excess of the tax liability incurred or is expected to be incurred by a Sub-Fund shall be released and transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets. It should also be noted that the actual applicable tax amount imposed on the income and/or gains derived from investment held by a Sub-Fund may be different and may change from time to time due to the uncertainties under the applicable PRC tax laws and the possibility of such laws being changed and taxes being applied retrospectively. As such,

the amount of such provisions (if any) may not be sufficient to meet the actual tax liabilities. With the uncertainties under the applicable PRC tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation made by the Manager may be excessive or inadequate to meet actual PRC tax liabilities on income and/or gains derived from investments held by a Sub-Fund. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such income and/or gains will be taxed, the level of provision and when they subscribed and/or realized their Units in/from a Sub-Fund. If the actual applicable tax amount levied by the STA is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of a Sub-Fund may suffer more than the tax provision amount as the Sub-Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Unitholders will be disadvantaged. On the other hand, if the actual applicable tax amount levied by STA is lower than that provided for by the Manager so that there is an excess in the tax provision amount, investors who have redeemed the Units before any tax ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Manager's overprovision. In this case, the then existing and new Unitholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Sub-Fund as assets thereof. Notwithstanding the above provisions, Unitholders who have already redeemed their Units in a Sub-Fund will not be entitled or have any right to claim any part of such overprovision.

Various tax reform policies have been implemented by the PRC government in the recent years, and the existing tax laws and regulations may be revised or amended in the future. Moreover, there is no assurance that the tax incentives currently offered to the foreign investors, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in the tax policies may reduce the incomes of the Sub-Fund, thereby reducing the income from, and/or value of the Units. Unitholders should seek their own tax advice on their tax position with regard to their investment in the Sub-Fund.

(xxii) ***Operational and settlement risks*** – A Sub-Fund is subject to operational risks that may arise from any breaches by the Manager's investment management staff of the Manager's operational policies or technical failures of communication and trading systems. Whilst the Manager has in place internal control systems, operational guidelines and contingency procedures to reduce the chances of such operational risks,

there is no guarantee events beyond the control of the Manager (such as unauthorised trading, trading errors or system errors) will not occur. The occurrence of any such events may adversely affect the value of the Sub-Fund.

(xxiii) ***Counterparty risk*** - Counterparty risk involves the risk that a counterparty or third party (including any custodians) will not fulfil its obligations to a Sub-Fund. A Sub-Fund may be exposed to the risk of a counterparty through investments such as bonds, futures and options. To the extent that a counterparty defaults on its obligations and a Sub-Fund is prevented from exercising its rights with respect to the investment in its portfolio, a Sub-Fund may experience a decline in the value and incur costs associated with protecting its rights attached to the security, including the loss of that portion of the Sub-Fund's portfolio financed through such a transaction, a decline in value of its investment during the period in which the Manager seeks to enforce its rights, an inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

(xxiv) ***Risk of termination*** - a Sub-Fund may be terminated in certain circumstances which are summarised under the section "Termination of the Fund or any Sub-Fund". In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to the Unitholders. Moreover, any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that had not yet been fully amortised would be debited against the Sub-Fund's assets at that time.

(xxv) ***Risks associated with distributions out of capital*** – Subject to the disclosure in the relevant Appendix, distributions may be paid out of the capital of a Sub-Fund. The Manager may at its discretion make distributions from capital or gross income in respect of all or certain classes of a Sub-Fund. Unitholders should note that the distributions paid out of capital or effectively out of capital amount to a return or withdrawal of part of a Unitholder's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of a Sub-Fund's capital or (as the case may be) payment of distributions effectively out of a Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Unit.

(xxvi) ***Foreign Account Tax Compliance Act ("FATCA")*** – Subject to the discussion regarding the intergovernmental agreement ("IGA") below, the U.S. Foreign Account Tax Compliance Act and Sections 1471 – 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") (collectively referred to as "FATCA") impose rules with respect to U.S. and certain non-U.S. persons, such as the Fund and/or each Sub-Fund, on payments including but not limited to interest, dividends from securities of U.S. issuers, and "Foreign Pass Thru Payments" which are yet to be defined in U.S. Treasury Regulations. All such payments ("Withholdable Payments") may be subject to FATCA withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the U.S. Internal Revenue Service (the "IRS") to identify U.S. persons (within the meaning of the Code) with interests in such payments. To avoid such withholding on payments made to it, a foreign financial institution ("FFI"), such as the Fund and/or each Sub-Fund (and, generally, investment funds organised outside the U.S.), generally will be required to be FATCA compliant and agree to, amongst other things, conduct certain due diligence procedures and identify its direct or indirect owners who are U.S. persons and report certain information concerning such U.S. person owners to the IRS. On 13 November 2014, Hong Kong entered into an IGA for the implementation of FATCA, adopting "Model 2" IGA arrangements. Under these "Model 2" IGA arrangements, FFIs in Hong Kong would be required to register with the IRS to obtain a Global Intermediary Identification Number ("GIIN") and comply with the terms of an FFI agreement with the IRS ("FFI Agreement"). Otherwise the FFI may be subject to a 30% FATCA withholding tax on withholdable payments it receives.

The Manager has obtained competent tax advice confirming that, to satisfy the FATCA requirements, the Sub-Funds, Ping An of China SIF – RMB Bond Fund, Ping An Money Market Fund, Ping An Stable Fund and Ping An Hong Kong Dollar Money Market Fund, has each been registered with the IRS with the GIIN number AXKHTH.99999.SL.344, WG460K.99999.SL.344, RFAZ9T.99999.SL.344 and 8ZL4BF.99999.SL.344 respectively.

Under the IGA, FFIs in Hong Kong (such as the Fund and/or each Sub-Fund) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will generally not be required to withhold tax on Withholdable Payments made to non-consenting accounts (including accounts which the holders are U.S. persons and do not provide their U.S. taxpayer identification number or consent to the FFI to report their information to the IRS).

The Fund and each Sub-Fund intend to satisfy the requirements imposed under FATCA, the IGA and the terms of the FFI Agreement to avoid any FATCA withholding tax. In particular, each Sub-Fund will register as a participating FFI (including a reporting Model 2 FFI) and obtain a GIIN. In the event that the Fund and/or the relevant Sub-Fund are not able to comply with the requirements imposed by FATCA, the IGA or the terms of the FFI Agreement, the Fund or the relevant Sub-Fund may be subject to FATCA withholding tax on Withholdable Payments. The net asset value of the Fund or the relevant Sub-Fund may be adversely affected and the Fund or the relevant Sub-Fund may suffer significant loss as a result. In addition, prospective investors should note that underlying collective investment schemes in which each Sub-Fund invests may be required to satisfy their own FATCA compliance obligations, and failure by any underlying collective investment scheme to fully comply with its FATCA obligations may have an adverse impact on the net asset value of each Sub-Fund.

In the event a Unitholder does not provide the requested information and/or documentation, whether or not that actually leads to compliance failures by the Fund and/or the Sub-Fund, or a risk of the Fund or a Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Fund and the relevant Sub-Fund, reserves the right to, after completing due process to ascertain and confirm that the Unitholder has failed to cooperate and provide the required information, take any legal action against the Unitholder and/or pursue all remedies at its disposal including, but not limited to the extent permitted by applicable laws and regulations, (i) reporting the relevant information of such investor to the IRS or the Hong Kong Inland Revenue Department ("IRD") as the case may be; and/or (ii) withholding, deducting from such investor's account, or otherwise collecting any such tax liability from such investor to the extent permitted by applicable laws and regulations. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds and in compliance with all applicable laws and regulations.

Each Unitholder and prospective investor should consult with his own tax adviser as to the potential impact of FATCA in its own tax situation.

(xxvii) ***Risks associated with convertible bonds*** – Convertible bonds are hybrid securities that may be exchanged for, converted into or exercised to acquire a predetermined number of shares of the issuer, generally at the option of the holder, during a specified time period. Convertible bonds have characteristics of, and hence are subject to the risks associated with, both debt and equity securities. Convertible bonds are similar to fixed

income securities because they usually pay a fixed interest rate and are obligated to repay principal on a given date in the future. Similar to debt securities, they are sensitive to changes in interest rates and credit standing of the issuer particularly when their conversion value (which is the security's worth, at market value, if converted into the underlying shares) is lower than their investment value (which is determined by its yield in comparison with the yields of other comparable securities that do not have a conversion privilege). Convertible bonds also have characteristics similar to the equity securities and their prices are particularly sensitive to fluctuations in the price of the underlying shares when their conversion value approximates or exceeds their investment value. It should be noted, however, that some convertible bonds are callable by the issuer, which means that their potential to appreciate along with appreciation of the value of the underlying shares is limited. Investors should refer to the general risk factors relating to both fixed income securities (for example, interest rate risk and credit risk) and equity securities (for example, risks relating to price fluctuations of the underlying shares).

(xxviii) ***Legal and compliance risk*** – Domestic and/or international laws or regulations may change in a way that adversely affects a Sub-Fund. Differences in laws between countries or jurisdictions may make it difficult for the Trustee or Manager to enforce legal agreements entered into in respect of a Sub-Fund. The Trustee and the Manager reserve the right to take steps to limit or prevent any adverse effects from changes to laws or their interpretation, including altering investments of or restructuring the relevant Sub-Fund.

(xxix) ***Suspension risk*** – Under the terms of the Trust Deed, in certain circumstances, the Manager may, in consultation with the Trustee, suspend the calculation of the Net Asset Value of Units in a Sub-Fund as well as suspend subscriptions and redemptions for Units in a Sub-Fund. Investors may not be able to subscribe or redeem when such a suspension is invoked. Investors may not be able to obtain a market value of their investment if the unit price is suspended.

(xxx) ***Cross class liability risk*** – The Trust Deed allows the Manager to issue Units in separate classes. The Trust Deed provides for the manner in which liabilities are to be attributed across the various classes within a Sub-Fund under the Trust (liabilities are to be attributed to the specific class of a Sub-Fund in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant class (in the absence of the Trustee granting that person a security interest). However, the Trustee will have a right of reimbursement and indemnity out

of the assets of the Trust which may result in Unitholders of one class of Units of a Sub-Fund being compelled to bear the liabilities incurred in respect of another class of the Sub-Fund which Units such Unitholders do not themselves own if there are insufficient assets attributable to that other class to satisfy the amount due to the Trustee. Accordingly, there is a risk that liabilities of one class of a Sub-Fund may not be limited to that particular class and may be required to be paid out of one or more other classes of that Sub-Fund.

(xxxi) ***Cross Sub-Fund liability risk*** – The assets and liabilities of each Sub-Fund under the Trust will be tracked, for bookkeeping purposes, separately from the assets and liabilities of any other Sub-Funds, and the Trust Deed provides that the assets of each Sub-Fund should be segregated from each other. There is no guarantee that the courts of any jurisdiction will respect the limitations on liability and that the assets of any particular Sub-Fund will not be used to satisfy the liabilities of any other Sub-Fund.

In view of the above, investment in any Sub-Fund should be regarded as long term in nature. The Sub-Funds are, therefore, only suitable for investors who can afford the risks involved.

Investors should refer to the relevant Appendix for details of any additional risks specific to a Sub-Fund.

EXPENSES AND CHARGES

Management Fee

The Manager is entitled to receive a management fee accrued daily and payable monthly in arrears out of each Sub-Fund as a percentage of the Net Asset Value of each class of Unit in a Sub-Fund as at each Valuation Day at the rates set out in the Appendix.

The Manager may increase the rate of the management fee payable in respect of a Sub-Fund (up to the maximum rate of 2.50% per annum) on giving not less than one month's prior notice to the Unitholders.

The Manager shall pay the fees of any sub-investment manager and investment adviser to which it has appointed. Any such sub-investment managers and investment adviser will not receive any remuneration directly from any Sub-Fund.

Performance Fee

The Manager may charge a performance fee out of the assets of each Sub-Fund at the rates set out in the Appendix. Where there is no performance fee chargeable by the Manager with respect to a Sub-Fund and the Manager subsequently decides to impose a performance fee on such Sub-Fund, not less than three months' prior notice will be given to Unitholders.

Trustee Fee

The Trustee is entitled to a Trustee fee, payable out of the assets of each Sub-Fund is based on the Net Asset Value of the relevant Sub-Fund. The current rate of the Trustee fee currently payable to the Trustee in relation to a Sub-Fund is set out in the Appendix for the Sub-Fund. The maximum rate of the Trustee fee is 0.5% per annum, subject to a monthly minimum fee agreed between the Manager and the Trustee. The Trustee's fee is accrued daily and is payable monthly in arrears.

The Trustee also acts as the Registrar of the Fund.

Unitholders shall be given not less than one month's prior notice should there be any increase of the Trustee Fee from the current level up to the maximum level.

Custody Fee

Pursuant to the fee letter entered into between the Fund and the Custodian, the Custodian is entitled to, among others, transaction charges at customary market rates and custody fees at different rates, largely depending on the investment instruments concerned as well as the markets where the Custodian is required to hold the Sub-Fund's assets. The current rate of the Custody fee is set out in the Appendix for the relevant Sub-Fund. The maximum rate of the Custody fee is 0.03% per annum. Such fees will be calculated monthly and will be paid monthly in arrears. The Custodian will also be entitled to reimbursement by the Sub-Fund for any out-of-pocket expenses incurred in the course of its duties.

Should there be any increase in the current rate of the Custody fee, Unitholders shall be given not less than one month's prior notice and the SFC's prior approval will be sought (if required).

Establishment Costs

The establishment costs of the Fund and the initial Sub-Fund (i.e. Ping An of China SIF-RMB Bond Fund) was borne by the initial Sub-Fund. Such costs amount to approximately RMB800,000.00, and has been charged to the accounts of Ping An of China SIF- RMB Bond Fund as expense and has been written off in full.

The establishment costs of the second Sub-Fund, Ping An Money Market Fund, will be borne by the Sub-Fund. Such costs amount to approximately HK$350,000.00, and will be charged to the accounts of the Sub-Fund as expense and will be written off over its first five financial years. Investors should also note that under IFRS, establishment costs should be expensed as incurred and that amortisation of the expenses of establishing Sub-Funds is not in accordance with IFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have a material impact on the financial statements of Sub-Fund. To the extent, that the valuation basis for subscription and redemption purposes adopted by the Sub-Fund deviates from IFRS, the Manager may make necessary adjustments in the annual financial statements to comply with IFRS. Any such adjustments will be disclosed in the annual financial reports, including a reconciliation note to reconcile the amounts.

The establishment costs of the third Sub-Fund, Ping An Stable Fund, will be borne by the Sub-Fund. Such costs amount to approximately HK$440,000.00, and will be charged to the accounts of the Sub-Fund as expense and will be written off over its first five financial years. Investors should also note that under IFRS, establishment costs should be expensed as incurred

and that amortisation of the expenses of establishing Sub-Funds is not in accordance with IFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have a material impact on the financial statements of Sub-Fund. To the extent, that the valuation basis for subscription and redemption purposes adopted by the Sub-Fund deviates from IFRS, the Manager may make necessary adjustments in the annual financial statements to comply with IFRS. Any such adjustments will be disclosed in the annual financial reports, including a reconciliation note to reconcile the amounts.

The establishment costs of the fourth Sub-Fund, Ping An Hong Kong Dollar Money Market Fund, will be borne by the Sub-Fund. Such costs amount to approximately HK$230,000, and will be charged to the accounts of the Sub-Fund as expense and will be written off over its first five financial years. Investors should also note that under IFRS, establishment costs should be expensed as incurred and that amortisation of the expenses of establishing Sub-Funds is not in accordance with IFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have a material impact on the financial statements of Sub-Fund. To the extent, that the valuation basis for subscription and redemption purposes adopted by the Sub-Fund deviates from IFRS, the Manager may make necessary adjustments in the annual financial statements to comply with IFRS. Any such adjustments will be disclosed in the annual financial reports, including a reconciliation note to reconcile the amounts.

If further sub-funds are launched, the establishment costs will be allocated to the relevant sub-fund, except for those costs that the Manager decides to pay out of its own resources.

General

Each Sub-Fund will bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, such costs will be allocated amongst the Sub-Funds in proportion to the respective Net Asset Value of all the Sub-Funds.

Each Sub-Fund will bear the cost of (a) all stamp and other duties, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, fees and transaction fees of the Trustee, custodian or sub-custodian and proxy fees and expenses, collection fees and expenses, insurance and security costs, and any other costs, charges or expenses payable in respect of the acquisition, holding and realisation of any investment or other property or any cash, deposit or loan (including the claiming or collection of income or other rights in respect thereof and including any fees or expenses

charged or incurred by the Trustee or the Manager or any connected person in the event of the Trustee or the Manager or such connected person rendering services or effecting transactions giving rise to such fees or expenses), (b) the fees and expenses of the Auditors and the Registrar, (c) fees charged by the Trustee in connection with valuing the assets of the Sub-Fund or any part thereof, calculating the issue and redemption prices of Units of the Sub-Fund and preparing financial statements, (d) all legal charges incurred by the Manager or the Trustee in connection with the Sub-Fund, (e) out-of-pocket expenses incurred by the Trustee wholly and exclusively in the performance of its duties, (f) the expenses of or incidental to the preparation of deeds supplemental to the Trust Deed, (g) the expenses of holding meetings of Unitholders and of giving notices to Unitholders, (h) the costs and expenses of obtaining and maintaining a listing for the Units of the Sub-Fund on any stock exchange or exchanges selected by the Manager and approved by the Trustee and/or in obtaining and maintaining any approval or authorisation of the Sub-Fund or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing, approval or authorisation, and (i) without prejudice to the generality of the foregoing, all costs incurred in publishing the issue and redemption prices of Units of the Sub-Fund, all costs of preparing, printing and distributing all statements, accounts and reports pursuant to the provisions of the Trust Deed (including the Auditors' fees and Trustee's fee), the expenses of preparing and printing any explanatory memorandum, and any other expenses, deemed by the Manager, after consulting the Trustee, to have been incurred in compliance with or in connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with the provisions of any code relating to unit trusts.

For so long as the Fund and such Sub-Funds are authorised by the SFC, no advertising or promotional expenses shall be charged to the Sub-Funds so authorised.

Cash Rebates and Soft Commissions

Neither the Manager, any investment delegate nor any of their connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for a Sub-Fund to such brokers or dealers, save that any such goods and services ("soft commissions", including research and advisory services; economic and political analysis; portfolio analysis including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the above goods and services; clearing and custodian services and investment-related publications) may be retained if:

(a) such goods and services are of demonstrable benefit to the Unitholders;

(b) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates;

(c) adequate prior disclosure is made in this Explanatory Memorandum the terms of which the Unitholders has consented to;

(d) periodic disclosure is made in the Sub-Fund's annual financial reports in the form of a statement describing the soft dollar policies and practices of the Manager or its investment delegate, including a description of goods and services received by them;

(e) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer; and

(f) such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

The Manager and/or any of its connected person reserves the right to effect transactions by or through the agency of another person with whom the Manager and/or any of its connected person has an arrangement under which that party will from time to time provide to or procure for the Manager and/or any of its connected person goods, services or other benefits the nature of which is such that their provision can reasonably be expected to benefit the relevant Sub-Fund as a whole and may contribute to an improvement in the performance of the relevant Sub-Fund or of the Manager and/or any of its connected person in providing services to the relevant Sub-Fund and for which no direct payment is made but instead the Manager and/or any of its connected person undertakes to place business with that party.

Please also refer to the sectioned headed "Conflicts of Interest" below for further details.

TAXATION

Each prospective Unitholder should inform himself of, and where appropriate take advice on, the taxes applicable to the acquisition, holding and redemption of Units by him under the laws of the places of his citizenship, residence and domicile.

The following summary of Hong Kong taxation is of a general nature, is for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of Unitholders. Prospective Unitholders should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong at the date of this Explanatory Memorandum. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Explanatory Memorandum. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

Hong Kong Taxation

Profits Tax

The Fund/Sub-Fund(s)

As the Fund and the Sub-Fund(s) have been authorised, as a collective investment scheme constituted as a unit trust by the SFC under Section 104 of the SFO, profits of the Fund and the Sub-Fund(s) are exempt from Hong Kong Profits Tax.

The Unitholders

Unitholders should not be subject to any Hong Kong profits tax (whether by way of withholding or otherwise) on distributions by the Fund or Sub-Fund(s) in accordance with the practice of the Inland Revenue Department of Hong Kong (as at the date of this Explanatory Memorandum).

Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for individuals or unincorporated business) will arise on any gains or profits made on the sale, redemption or other disposal of the Units where the profits, not being regarded as capital in nature, arise from a trade, profession or business carried on by a Unitholder in Hong Kong and are sourced in Hong Kong. Unitholders should take advice from their own professional advisers as to their particular tax position.

Stamp Duty

No Hong Kong ad valorem stamp duty is payable on the issue of Units or on the redemption of Units.

No Hong Kong stamp duty is payable where the sale or transfer of the Units is effected by the Manager, who then either extinguishes the Units or re-sells the Units to another person within two months thereof.

Other types of sales or purchases or transfers of the Units by the Unitholders should be liable to Hong Kong Stamp Duty of 0.13% (borne by each of the buyer and seller) on the higher of the consideration amount or market value. In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of Units.

Automatic Exchange of Financial Account Information

(a) General Information

The Inland Revenue (Amendment) (No.3) Ordinance 2016, the Inland Revenue (Amendment) (No.2) Ordinance 2017 and the Inland Revenue (Amendment) (No.2) Ordinance 2019 (collectively referred to as the "Ordinance") provide the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires financial institutions ("FI") in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with Hong Kong FIs, and to file such information with the Hong Kong Inland Revenue Department ("IRD") who in turn will exchange such information with the reportable jurisdiction(s) in which that account holder is resident. The Sub-Funds and/or its agents may adopt the wider approach in collecting residency information of account holders.

The Fund and Sub-Funds are required to comply with the requirements of AEOI as implemented by Hong Kong, which means that the Fund, the Manager, the Trustee and/or any of their agents shall collect and provide to the IRD tax information relating to Unitholders and

prospective investors.

The AEOI rules as implemented by Hong Kong require the Fund to, amongst other things: (i) register the Fund's status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e. Unitholders) to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes; and (iii) report to the IRD the information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the information reported to it to the government authorities of reportable jurisdictions. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in a reportable jurisdiction for Hong Kong AEOI's purposes; and (ii) certain entities controlled by individuals who are tax residents in such other jurisdiction. Under the Ordinance, details of Unitholders, including but not limited to their name, date and jurisdiction of birth, address, tax residence, tax identification number (if any), account details, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions of tax residence.

(b) Impact to the Sub-Funds and Unitholders

By investing in the Fund and the Sub-Funds and/or continuing to invest in the Fund and Sub-Funds, Unitholders acknowledge that they may be required to provide additional information to the Manager, the Trustee and/or their agents in order for the Fund and Sub-Funds to comply with AEOI. The Unitholder's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are not natural persons) may be communicated by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Manager, the Trustee and/or their agents, as permitted by applicable law and regulations, taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned.

In such case, the Manager and/or the Trustee shall act in good faith and on reasonable grounds when exercising its discretion to mandatorily redeem or withdraw a Unitholder.

Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Fund and the Sub-Funds.

China taxation

Investors should also refer to the "PRC tax considerations" under the section headed "Risk Factors" to inform themselves of possible tax consequences under PRC laws.

REPORTS AND ACCOUNTS

The Fund's financial year end is on 30 June in each year, with the first financial year ending on 30 June 2012. The annual report and audited accounts (in English only) will be made available to Unitholders as soon as possible, and in any event within four months, after the end of the financial year. The Manager also procures unaudited semi-annual reports (in English only) to be made available to Unitholders within two months after 31 December in each year. The Manager intends to adopt International Financial Reporting Standards in drawing up the annual accounts of the Fund.

To the extent the Fund's valuation policy deviates from IFRS, the Manager may make necessary adjustments in the accounts of the Fund for the accounts to comply with IFRS and will include in the Fund's annual accounts a reconciliation note to reconcile values arrived at by applying the Fund's valuation rules.

Unitholders will be notified of the means of getting access to the financial reports (in electronic form only) via the website https://asset.pingan.com.hk/en/Products-and-Services (this website has not been reviewed by the SFC) as and when the financial reports are available and, in any event, printed copies of the financial reports will be available at the offices of the Manager upon Unitholders' request.

DISTRIBUTION OF DIVIDENDS

The distribution policy in respect of each Sub-Fund will be specified in the relevant Appendix.

Distributions (if any) declared in respect of an interim accounting period or an Accounting Period or a monthly period, as described in the relevant Appendix, shall be distributed among the Unitholders of the relevant classes of Units rateably in accordance with the number of Units held by them on the record date in respect of such interim accounting period or Accounting Period or a monthly period, as the case may be. For the avoidance of doubt, only Unitholders whose names are entered on the register of Unitholders on such record date shall be entitled to the distribution declared in respect of the corresponding interim accounting period or Accounting Period, as the case maybe.

Any payment of distributions will be made in the class currency of the relevant classes by direct transfer into the appropriate bank account or by cheque at the risk of the Unitholders (or in such other manner as may be agreed with the Manager and the Trustee). Any distribution which is not claimed for six years will be forfeited and become part of the assets of the relevant Sub-Fund.

VOTING RIGHTS

Meetings of Unitholders may be convened by the Manager or the Trustee, and the Unitholders of 10% or more in value of the Units in issue may require a meeting to be convened. Unitholders will be given not less than 21 days' notice of any meeting.

The quorum for all meetings is Unitholders present in person or by proxy representing 10% of the Units for the time being in issue except for the purpose of passing an extraordinary resolution. The quorum for passing an extraordinary resolution shall be Unitholders present in person or by proxy representing 25% or more of the Units in issue. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum. On a show of hands, every individual Unitholder present in person or by representative has one vote; on a poll every Unitholder present in person, by proxy or by representative has one vote for every Unit of which he is the holder. In the case of joint Unitholders the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the Register of Unitholders. A poll may be demanded by the Chairman or one or more Unitholders present in person or by proxy.

PUBLICATION OF PRICES

The Net Asset Value per Unit of each Sub-Fund at each Valuation Day will be calculated and published on the Manager's website (https://asset.pingan.com.hk/) free of charge (this website has not been reviewed by the SFC), unless otherwise specified in the relevant Appendix.

TRANSFER OF UNITS

Subject as provided below, Units may be transferred by an instrument in writing in common form signed and stamped by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding amount (if any) of the relevant class as set out in the relevant Appendix.

COMPULSORY REDEMPTION OR TRANSFER OF UNITS

The Manager or the Trustee may require a Unitholder to transfer the Unitholder's Units or may redeem such units in accordance with the Trust Deed if it shall come to the notice of the Manager or the Trustee that the Unitholder holds such Units (a) in breach of the law or requirements of any country, any governmental authority or any stock exchange on which such Units are listed or (b) in circumstances (whether directly or indirectly affecting such Unitholder and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager or the Trustee to be relevant) which, in the opinion of the Manager or the Trustee, might result in the Fund and/or any Sub-Fund in relation to such class of Units incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund or the Sub-Fund might not otherwise have incurred or suffered.

TRUST DEED

The Fund was established under the laws of Hong Kong by a Trust Deed dated 11 April 2011 made between Ping An of China Asset Management (Hong Kong) Company Limited as Manager and BOCI-Prudential Trustee Limited as Trustee, as amended, restated and supplemented from time to time.

The Trust Deed contains provisions for the indemnification of the parties and their exculpation from liability in certain circumstances. However, the Trustee and the Manager shall not be exempted from liability imposed under Hong Kong law in respect of their fraud, negligence, default or breach of duty or trust nor the Trustee and the Manager may be indemnified against such liability by Unitholders or at Unitholders' expenses, as provided in the Trust Deed. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

Copies of the Trust Deed (together with any supplemental deeds) may be obtained from the Manager on payment of a reasonable fee and may be inspected during normal working hours at the offices of the Manager free of charge.

TERMINATION OF THE FUND OR ANY SUB-FUND

The Fund shall continue for a period of 80 years from the date of the Trust Deed or until it is terminated in one of the ways set out below.

The Fund may be terminated by the Trustee on notice in writing, provided that the Trustee shall certify that in its opinion the proposed termination is in the interest of Unitholders,

(a) if the Manager goes into liquidation or if a receiver is appointed over any of their assets and not discharged within 60 days; or

(b) if in the reasonable opinion of the Trustee, the Manager is incapable of performing or fails to perform its duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Fund into disrepute or to be harmful to the interests of the Unitholders; or

(c) if any law shall be passed which renders it illegal or in the reasonable opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (the SFC in Hong Kong) to continue the Fund; or

(d) within 30 days of the Manager leaving office, no new manager is appointed; or

(e) no new trustee is appointed within six months of the Trustee giving notice of its desire to retire.

The Fund and/or any of the Sub-Fund or the class of Units of a Sub-Fund may be terminated by the Manager on notice in writing if:

(a) on any date, in relation to the Fund, the aggregate Net Asset Value of all Units outstanding thereunder shall be less than RMB20 million (or its equivalent in other currencies) or in relation to a Sub-Fund, the aggregate Net Asset Value of the Units of the relevant class outstanding thereunder shall be less than RMB20 million (or its equivalent in other currencies) or such other amounts as disclosed in the relevant Appendix; or

(b) in the opinion of the Manager, it is impracticable or inadvisable to continue a Sub-Fund and/or any class of Units of a Sub-Fund (as the case may be) (including without

limitation, a situation where it is no longer economically viable to operate the Sub-Fund); or

(c) any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable in consultation with the relevant regulatory agencies (the SFC in Hong Kong) to continue the Fund or a Sub-Fund; or

(d) the Fund and/or the relevant Sub-Fund (as the case may be) shall fail to become authorised or otherwise officially approved pursuant to the SFO or, having become so authorised or otherwise officially approved, shall cease to be so authorised or otherwise officially approved.

In cases of termination on notice, no less than one month's notice will be given to Unitholders.

Further, a Sub-Fund or a class or classes of a Sub-Fund may be terminated by an extraordinary resolution of the Unitholders of the Sub-Fund or the Unitholders of the relevant class or classes (as the case may be) on such date as the extraordinary resolution may provide.

Any unclaimed proceeds or other cash held by the Trustee under the provision of the Trust Deed may at the expiration of twelve months from the date upon which the same were payable be paid into court of competent jurisdiction subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

ANTI-MONEY LAUNDERING REGULATIONS

As part of the Manager's and Trustee's responsibility for the prevention of money laundering, the Manager/Trustee may require a detailed verification of an investor's identity and the source of payment of application moneys. Depending on the circumstances of each application, a detailed verification might not be required where:-

(a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or

(b) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations. The Manager and the Trustee nevertheless reserve the right to request such information as is necessary to verify the identity of an applicant and the source of payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Manager or the Trustee may refuse to accept the application and the subscription moneys relating thereto and refuse to pay any redemption proceeds if an applicant for Units delays in producing or fails to produce any information required for the purposes of verification of identity or source of fund.

CONFLICTS OF INTEREST

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of any Sub-Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavour to ensure that such conflicts are resolved fairly. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

The Manager has established policies in relation to the identification and monitoring of potential conflicts of interest situations, to ensure that clients' interests are given priority at all times. Key duties and functions must be appropriately segregated and there are strict policies and dealing procedures designed to avoid, monitor and deal with conflicts of interests situations, such as rules and procedures in relation to order allocation, best execution, receipt of gifts or benefits, retention of proper records, prohibition of certain types of transactions and handling of client complaints. The Manager has designated staff to monitor the implementation of such trading policies and dealing procedures with clear reporting lines to and oversight by senior management. In any event, the Manager will ensure that all investment schemes and accounts which it manages, including each Sub-Fund, are treated fairly.

All transactions carried out by or on behalf of a Sub-Fund will be at arm's length in compliance with applicable laws and regulations. Any transactions between a Sub-Fund and the Manager or any of its connected persons as principal may only be made with the prior written consent of the Trustee. All such transactions shall be disclosed in the relevant Sub-Fund's annual financial reports.

Transactions for a Sub-Fund may be carried out with or through brokers or dealers which are connected persons of the Manager. The Manager will ensure that all transactions carried out by or on behalf of the Sub-Fund will be in compliance with all applicable laws and regulations, and that it complies with the following obligations in respect of any transactions conducted with or through such connected persons:

(a) such transactions should be on arm's length terms;

(b) the Manager must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;

(c) transaction execution must be consistent with applicable best execution standards;

(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(e) the Manager must monitor such transactions to ensure compliance with its obligations; and

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the Sub-Fund's annual report.

FACSIMILE OR ELECTRONIC INSTRUCTIONS

If applicants or investors wish to give instructions for subscription, redemption or switching by facsimile or any other electronic means, applicants or Investors may first be required to provide the Manager or the Registrar with an original indemnity relating to fax or transmission via such other electronic means in the application or request.

The Manager and the Registrar will generally act on faxed or any other electronic instructions for subscription, redemption or switching but may require signed original instructions. However, the Manager or Registrar may refuse to act on faxed or any other electronic instructions until the original written instructions are received. The Manager or Registrar may, in its absolute discretion, determine whether or not original instructions are also required in respect of subsequent applications or requests for subscription, redemption or switching sent by facsimile or any other electronic means by applicants or Investors.

Applicants or investors should be reminded that if they choose to send the applications or requests for subscription, redemption or switching by facsimile or any other electronic means, they bear their own risk of such applications or requests not being received or illegible. Applicants or Investors should note that the Fund, the Sub-Fund, the Manager, the Trustee, the Registrar and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any application or request sent by facsimile or any other electronic means or any amendment to such application or request or for any loss caused in respect of any action taken as a consequence of such faxed or any other electronic instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a facsimile or any other electronic transmission report produced by the originator of such transmission discloses that such transmission was sent. Applicants or Investors should therefore for their own benefit confirm with the Manager or the Registrar safe receipt of an application or a request.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal working hours at the offices of the Manager free of charge and copies thereof may be obtained from the Manager upon payment of a reasonable fee:-

(a) the Trust Deed, and any supplemental deeds;

(b) all material contracts (if any, as specified in the relevant Appendix); and

(c) the latest financial reports of the Fund.

INFORMATION AVAILABLE ON THE INTERNET

The Manager will also publish important news and information with respect to each Sub-Fund, both in the English and in the Chinese languages, on the Manager's website (https://asset.pingan.com.hk/) (this website has not been reviewed by the SFC) including:

(a) this Explanatory Memorandum and the product key facts statement of the Sub-Fund (as revised from time to time);
(b) the latest annual and semi-annual financial reports (in English only);
(c) any notices for material alterations or additions to the Explanatory Memorandum or the Sub-Fund's constitutive documents;
(d) any public announcements made by the Sub-Fund, including any notices of the suspension of the calculation of the Net Asset Value, any changes in fees and the suspension of subscription and redemptions; and
(e) the latest available Net Asset Value of the Sub-Fund attributable to each class of Units.

APPENDIX I – PING AN OF CHINA SIF – RMB BOND FUND

This Appendix comprises information in relation to Ping An of China SIF- RMB Bond Fund, a Sub-Fund of the Fund (the "Sub-Fund").

Base Currency

The base currency of the Sub-Fund is RMB.

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 income instruments.

The Sub-Fund will be subject to the following investment policy:

(a) The Sub-Fund invests primarily (i.e. 70% to 100% of its Net Asset Value) in RMB denominated instruments including the following types of instruments:

- fixed income instruments;
- asset backed securities (subject to the limit, i.e. 30% of Net Asset Value, as set out under paragraph (i) below);
- convertible bonds,
- commercial papers; and
- short term bills and notes, etc.

(collectively referred to as "**Income Instruments**")

Market of Issuance and distribution – The Sub-Fund may invest in RMB-denominated Income Instruments issued and distributed:

- within mainland China via Bond Connect and/or the Foreign Access Regime; and
- in offshore markets, including but not limited to Dim Sum bonds in Hong Kong, Formosa bonds in Taiwan etc.

These RMB-denominated Income Instruments may be issued by government, quasi-government organizations, financial institutions, multinational organizations, LGFVs (as defined below) and other corporations. The issuers of RMB-denominated Income Instruments may or may not be established or incorporated in mainland China.

(b) 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.

(c) The Sub-Fund may invest in RMB denominated deposits issued inside or outside mainland China including but not limited to bank certificates of deposits, bank deposits, negotiated term deposits with authorised financial institutions.

(d) The Sub-Fund may invest up to 30% of its Net Asset Value in fixed income instruments that are below investment grade or unrated. For the purposes of the Sub-Fund, a fixed income instrument which is rated "below investment grade" is defined as a fixed income security which (or the issuer of which) is (a) within the PRC, rated BB+ or below by a local PRC credit rating agency; and (b) outside the PRC, rated below BBB-/Baa3 by an internationally recognised credit rating agency (such as Standard & Poor's, Moody's and/or Fitch); and an "unrated" fixed income instrument is defined as a fixed income security which neither the security itself nor its issuer has a credit rating. Other than the foregoing, there is no other credit rating requirement for Income Instruments invested by the Sub-Fund.

(e) 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).

(f) The Sub-Fund may invest up to 100% of its Net Asset Value 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) which is currently rated as "investment grade" by internationally recognised credit rating agencies. Such investments are based on the professional judgment of the Manager in the best interest of investors whose reasons for investment may include a favourable / positive outlook on the sovereign issuer, potential for ratings upgrade and the expected changes in the value of such investments due to the ratings changes.

(g) The Sub-Fund may use financial derivative instrument for hedging or non-hedging (i.e. investment) purposes including the following:

- FX derivatives, e.g. forwards and swaps; and

- Credit derivatives, e.g. as credit default swap ("CDS"), total return swaps, structured notes etc.

The Sub-Fund's net derivative exposure may be up to 50% of its Net Asset Value. The Sub-fund's overall FX and credit exposures, net of all derivatives positions, shall comply with the investment policy stated under (a) to (i) in this section and the diversification requirements below.

(h) The Manager may, on behalf of the Sub-Fund, enter into securities lending transactions, repurchase transactions, reverse repurchase transactions on an over-the-counter basis and other similar over-the-counter transactions for up to 15% of the assets of the Sub-Fund.

(i) 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.

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 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 government, a quasi-government entity (i.e. 100% government ownership) such that the instrument qualifies as Government and other Public Securities or 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.

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.

Type of instrument	*Indicative percentage (of Sub-Fund's value)*
Government securities and quasi-government organisation securities	Up to 100%
Debts issued by substantial financial institutions and corporate entities	Up to 70%

The Sub-Fund will not invest directly in China A-shares or other securities issued within mainland China through any qualified foreign institutional investor ("QFII"). Not less than one month's prior notice will be given to investors if the Manager intends to make such investment.

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 Code), subject to the Sub-Fund's diversification policy as mentioned above.

Investment Strategy

The Manager seeks to achieve investment returns through active management of the major risks associated with RMB Income Instruments: duration, term structure, sector allocation, product selection and credit rating where applicable.

- Duration strategy - The Sub-Fund will adjust the duration risk profile of the investment portfolio based on expectations of global and China's macroeconomic cycle, fiscal policy and monetary policy. For example, if RMB interest rate is expected to fall, the Sub-Fund will increase the average duration of the investment portfolio to better take advantage of the capital gain potential from lower yield, and vice versa.

- Term structure strategy - The Sub-Fund will adjust the allocation of short-term, medium-term and long-term securities based on the expected changes in the shape of the RMB yield curve term structure. The Sub-Fund may adopt, based on the expected changes in the shape of the RMB yield curve term structure, bullet-type (an investment strategy that involves purchasing a number of bonds and debt securities with similar maturity dates), barbell-type (an investment strategy that involves purchasing both short-term and long-term but not intermediate-term bonds and debt securities) or ladder-type (an investment strategy that involves allocating the portfolio evenly among bonds and debt securities that mature at regular intervals) strategy. The choices of strategy will be adjusted dynamically.

- Sector allocation strategy - The Sub-Fund will adjust the allocation of investment among government debts, quasi-government debts, private sector debts and debts that bear higher credit risk to seek better tax-adjusted and risk-adjusted returns among various investment instruments. The Sub-Fund will also adjust the allocation of investment among RMB Income Instruments issued by private sector issuers of different industry/sector background to seek better tax-adjusted and risk-adjusted returns.

- Product selection strategy- Through extensive in-house research and research by external analysts on the fundamentals of different issuers, the Sub-Fund seeks to invest in issues that offer expected excess return with regard to credit ratings and fundamentals. The Sub-Fund, however, does not have explicit restrictions/requirements on the minimum credit ratings of the RMB Income Instruments it holds and may invest substantially in non-rated instruments.

- Credit rating strategy - The Manager will adjust the Sub-Fund's allocation of investment in debt securities issued by different issuers based on its expectation over the potential upgrading and downgrading of each issuer's credit rating (where applicable).

The Manager will construct the portfolio to take advantage of the expected change in the general level of RMB interest rates. The portfolio will consist of RMB Income Instruments of different maturities and credit quality and bank deposits, and each instrument in the portfolio will be selected based on extensive fundamental research and various pre-determined criteria / parameters.

The Manager will use the above strategies in the investment of RMB Income Instruments available in the primary and secondary markets.

Investment in the Mainland inter-bank bond market via 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 ("**CFETS**"), 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 ("**CIBM**") through the northbound trading of Bond Connect ("**Northbound Trading Link**"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the People's Bank of China ("**PBOC**") as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Securities Depository & Clearing Co., Ltd and Shanghai Clearing House). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Investment in the Mainland inter-bank bond market via Foreign Access Regime

Pursuant to the "Announcement (2016) No 3" issued by the PBOC (中國人民銀行公告 [2016] 第 3 號) on 24 February 2016, foreign institutional investors can invest in the Mainland inter-bank bond market (the "Foreign Access Regime") subject to other rules and regulations as promulgated by the Mainland Chinese authorities, i.e., the PBOC and the SAFE. Such rules and regulations may be amended from time to time and include (but are not limited to):

(i) the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" (in Chinese《境外機構投資者投資銀行間債券市場備案管理實施細 則》) issued by the Shanghai Head Office of PBOC on 27 May 2016;

(ii) the "Circular concerning the Foreign Institutional Investors' Investment in Interbank bond market in relation to foreign currency control" (in Chinese《國家外匯管理局關於境外機構投 資者投資銀行間債券市場有關外匯管理問題的通知》) issued by SAFE on 27 May 2016; and
(iii) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, foreign institutional investors who wish to invest directly in the Mainland inter-bank bond market may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation. In terms of fund remittance, foreign investors (such as a Sub-Fund) may remit investment principal in RMB or foreign currency into Mainland China for investing in the Mainland inter-bank bond market. An investor will need to remit investment principal matching at least 50% of its anticipated investment size within nine months after the completion of the filing with the Shanghai Head Office of PBOC, or

else an updated filing will need to be made through the onshore settlement agent. For repatriation, where a Sub-Fund repatriates funds out of Mainland China, the ratio of RMB to foreign currency (the "Currency Ratio") should generally match the original Currency Ratio when the investment principal was remitted into Mainland China, with a maximum permissible deviation of 10%.

Specific Risk Factors

Investors should refer to the relevant risks under the section headed "**Risk Factors**" on page 35 in the main part of the Explanatory Memorandum, and the following specific risk factors for the Sub-Fund.

Investment risk - The Sub-Fund mainly invests in RMB Income Instruments and these instruments may fall in value. Investors may suffer losses as a result. The Sub-Fund is not principal guaranteed and the purchase of its Units is not the same as investing directly in RMB Income Instruments or placing RMB funds on deposit with a bank. There is also no guarantee of dividend or distribution payments during the period an investor holds Units in the Sub-Fund.

Renminbi currency risk – Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the Sub-Fund's or the investors' position may be adversely affected.

There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors convert Hong Kong Dollar or any other currency into RMB so as to invest in the RMB class of Units and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, they may suffer a loss if RMB depreciates against Hong Kong Dollar or such other currency. Investors who invest in non-RMB denominated classes of Units may also suffer a loss in their investments if RMB depreciates against the relevant class currency, as the majority of the Sub-Fund's investments will be held in RMB Income Instruments and RMB denominated deposits.

Please note that currency conversion may also be subject to the availability of RMB at the relevant time, for example, there may not be sufficient RMB for conversion in case of sizeable subscriptions (in non-RMB denominated classes of Units) and in which case may affect the investor's investment in the Sub-Fund.

The RMB is traded in both the onshore and offshore markets. While both onshore RMB

("CNY") and offshore RMB ("CNH") represent the same currency, they are traded in different and separate markets which operate independently. Therefore CNY and CNH do not necessarily have the same exchange rate and their movement may not be in the same direction. Any divergence between CNH and CNY may adversely impact investors. In calculating the value of non-RMB denominated or settled assets and the prices of non-RMB classes, the Manager will normally apply the exchange rate for offshore RMB market in Hong Kong (the "CNH rate"). The CNH rate may be at a premium or discount to the exchange rate for onshore RMB market in the PRC (the "CNY rate") and there may be significant bid and offer spreads. The value of the Sub-Fund thus calculated will be subject to fluctuation.

Credit risk of issuers of counterparties – Investment in RMB Income Instruments is subject to the counterparty risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. The financial market of mainland China is at an early stage of development, and some of the RMB Income Instruments that the Sub-Fund invests in are and will be unrated. In general, debt instruments that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. In the event of a default or credit rating downgrading of the issuers of the RMB Income Instruments, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers of RMB Income Instruments as such issuers may be incorporated outside Hong Kong and subject to foreign laws.

RMB Income Instruments and RMB denominated bank deposits are offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of RMB Income Instruments and RMB denominated bank deposits only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

In relation to RMB Income Instruments issued or distributed within mainland China, the credit appraisal system in the mainland China and the rating methodologies employed in the mainland China may be different from those employed in other markets. Credit ratings given by mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Risk of limited pool of investments – The Sub-Fund's investment strategy is to invest primarily in RMB Income Instruments issued outside mainland China. However, the quantity

of RMB Income Instruments issued or distributed outside mainland China that are available to the Sub-Fund is currently limited, and the remaining duration of such instruments may be short. In the absence of available RMB Income Instruments, or when such instruments held are at maturity, the Sub-Fund may have to allocate a significant portion of its portfolio in RMB negotiated term deposits with substantial financial institutions until suitable RMB Income Instruments are available in the market. This may adversely affect the Sub-Fund's return and performance.

Liquidity risk – RMB Income Instruments that are currently not listed on a stock exchange or a securities market where trading is conducted on a regular basis may be subject to additional liquidity risk. There is no guarantee that market making arrangements will be in place to make a market and quote a price for all RMB Income Instruments. In the absence of an active secondary market, the Sub-Fund may need to hold the relevant RMB Income Instruments until their maturity date. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such instruments. Even if a secondary market exists for any RMB Income Instruments, the price at which such instruments are traded on the secondary market may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates.

Further, the bid and offer spread of the price of RMB Income Instruments may be high, and the Sub-Fund may therefore incur significant trading costs and may even suffer losses when selling such investments. The Manager seeks to control the liquidity risk of the investment portfolio by a series of internal management measures in order to meet Unitholders' redemption requests.

Foreign exchange risk - The Renminbi is not currently a freely convertible currency and is subject to exchange control imposed by the Chinese government. Such control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of companies in the PRC. Insofar as 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, it will be subject to the risk of the PRC government's imposition of restrictions on the repatriation of funds or other assets out of the country, limiting the ability of the Sub-Fund to satisfy payments to investors.

On the other hand, the Sub-Fund may also invest in non-RMB denominated debt instruments and non-RMB denominated bank deposits. The exchange rates for Renminbi (being the base currency of the Sub-Fund) against other currencies, including US dollars and Hong Kong dollars, are susceptible to controls or movements based on external factors (including but not

limited to different market and regulatory conditions) which may adversely affect the overall performance of the Sub-Fund.

Risks associated with Bond Connect and Foreign Access Regime

Risks associated with Bond Connect and Foreign Access Regime

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Sub-Fund transacts in the CIBM, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via Bond Connect and/or the Foreign Access Regime, the relevant filings, registration with PBOC and account opening have to be carried out via an offshore custody agent, registration agents, or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the CIBM via Bond Connect and/or the Foreign Access Regime is also subject to regulatory risks. The relevant rules and regulations on Bond Connect and/or the Foreign Access Regime 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 CIBM, the Sub-Fund's ability to invest in the CIBM will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Taxation Risk

There is no specific guidance by the Mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in Mainland inter-bank bond market by foreign institutional investors via the Foreign Access Regime. By investing in the PRC inter-bank bond market, the Sub-Fund may be at risk of being subject to PRC taxes. There is a possibility that the current tax laws, rules, regulations and practice in the

PRC and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in the Sub-Fund. For further details on PRC taxes and associated risks, please refer to the risk factor headed "**PRC tax considerations**" under the "**RISK FACTORS**" section.

Risks in relation to specific types of instruments in the CIBM

The Sub-Fund may be subject to risks associated with the following type(s) of instruments traded on the CIBM:

- *Collateralised and/or securitised products* - Asset backed securities/ mortgage backed securities and asset backed commercial papers may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

- *Urban investment bonds* – Urban investment bonds are issued by LGFVs, such bonds are typically not guaranteed by local governments or the central government of the mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

- *PRC Sovereign Debt Risk* – The Sub-Fund invests in sovereign debt securities and such investments involve special risks. The Chinese governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A Chinese governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the Chinese governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Chinese governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest

arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a Chinese governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the Chinese governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign debt. Holders of PRC sovereign debt, including the Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. As at the date of this Explanatory Memorandum, there is no bankruptcy proceeding by which sovereign debt on which a Chinese governmental entity has defaulted may be collected in whole or in part. The Sub-Fund's recourse against a defaulting sovereign is limited.

A lowering of the credit rating of the Chinese government may also affect the liquidity of sovereign bonds, making it more difficult to sell. In general, debt instruments that have a lower credit rating or that are non-rated will be more susceptible to the credit risk of the issuers. In the event of a credit rating downgrade of the Chinese government, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.

Risks associated with investments in LAPs – Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of certain pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in contingent convertible bonds, which are highly complex and are of high risk. Contingent convertible bonds are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible bonds will be converted into shares of the issuing company (potentially at a discounted price as a result of the deterioration in the

financial condition of the issuing company), or cause the permanent write-down to zero of the principal investment and/or accrued interest such that the principal amount invested may be lost on a permanent or temporary basis. Contingent convertible bonds are risky and highly complex instruments. Coupon payments on contingent convertible bonds are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time.

Contingent convertible bonds are also subject to additional risks specific to their structure including:

Trigger level risk – Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Manager to anticipate the trigger events that would require the debt to convert into equity or the write down to zero of principal investment and/or accrued interest. Trigger events may include: (i) a reduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio or other ratios, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible bonds into equity or write down, in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital.

Coupon cancellation risk – Coupon payments on some contingent convertible bonds are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, contingent convertible bonds may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

Capital structure inversion risk – Contrary to the classic capital hierarchy, investors in contingent convertible bonds may suffer a loss of capital when equity holders will not, for example when the loss absorption mechanism of a high trigger/write down of a contingent convertible bond is activated. This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.

Call extension risk – Some contingent convertible bonds are issued as perpetual instruments and only callable at predetermined levels upon approval of the competent regulatory authority.

It cannot be assumed that these perpetual contingent convertible bonds will be called on a call date. Contingent convertible bonds are a form of permanent capital. The investor may not receive return of principal as expected on call date or indeed at any date.

Conversion risk – Trigger levels differ between specific contingent convertible bonds and determine exposure to conversion risk. It might be difficult at times for the Manager to assess how the contingent convertible bonds will behave upon conversion. In case of conversion into equity, the Manager might be forced to sell these new equity shares subject to the investment policy of the Sub-Fund. As a trigger event is likely to be an event which decreases the value of the issuer's common equity, a forced sale may result in the Sub-Fund experiencing loss.

Valuation and write-down risk – Contingent convertible bonds often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible bonds may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, the Sub-Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

Market value fluctuations due to unpredictable factors – The value of contingent convertible bonds is unpredictable and will be influenced by many factors including, without limitation (i) creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the contingent convertible bonds; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

Liquidity risk – In certain circumstances finding a buyer ready to invest in contingent convertible bonds may be difficult and the Sub-Fund may have to accept a significant discount to the expected value of the bond in order to sell it.

Sector concentration risk – Contingent convertible bonds are issued by banking and insurance institutions. Investment in contingent convertible bonds may lead to an increased sector concentration risk. The performance of the Sub-Fund which invests in contingent convertible bonds will depend to a greater extent on the overall condition of the financial services industry than for the Sub-Fund following a more diversified strategy.

Subordinated instruments – Contingent convertible bonds will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the contingent convertible bonds, such as the Sub-Fund,

against the issuer in respect of or arising under the terms of the contingent convertible bonds shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

Novelty and untested nature – The structure of contingent convertible bonds is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

Other risks - Investment in the Sub-Fund is subject to interest rate risk and relevant PRC tax considerations. Investors should refer to the relevant risk factors in the main part of the Explanatory Memorandum.

Available Classes

The following classes of Units are available for sale to the retail public (which are collectively referred to as "Class A" Units) in Hong Kong.

Class	Class Currency
Class A RMB	RMB
Class A HKD	HKD
Class A USD	USD
Class A GBP	GBP
Class A EUR	EUR
Class A AUD	AUD
Class A RMB (monthly distribution)	RMB
Class A HKD (monthly distribution)	HKD
Class A USD (monthly distribution)	USD
Class A (Accumulation) RMB	RMB
Class A (Accumulation) HKD	HKD
Class A (Accumulation) USD	USD
Class A (Accumulation) GBP	GBP
Class A (Accumulation) EUR	EUR
Class A (Accumulation) AUD	AUD

The Manager accepts payment of subscription moneys in the class currency of the relevant Units.

It is the Manager's intention to maintain a substantial portion of investments of the Sub-Fund in RMB denominated and settled Income Instruments and RMB bank deposits. Where an investor subscribes for Units denominated in a non-RMB currency, the Manager may convert part or all of such subscriptions into RMB prior to investment at the applicable exchange rate. As RMB is not freely convertible, currency conversion is also subject to availability of RMB at the relevant time (i.e. it is possible there is not sufficient RMB for currency conversion in case of sizeable subscriptions). Further, where cleared subscription proceeds have not been received by the Trustee, it may not be possible to conduct currency conversion immediately on the relevant Dealing Day.

As such, the Manager has the absolute discretion to reject any subscription application made in non-RMB currency funds (whether such application is in relation to a class denominated in RMB) where it determines that there is not sufficient RMB for currency conversion.

Initial Offer

The Initial Offer Period of Class A (Accumulation) RMB, Class A (Accumulation) HKD and Class A (Accumulation) USD commenced at 9:00 a.m. (Hong Kong time) on 10 December 2020 and will close at 4:00 pm (Hong Kong time) on the Business Day on which a subscription for each class is first received (or such other dates and times as the Manager may determine).

The Initial Offer Period of Class A GBP, Class A EUR, Class A AUD, Class A (Accumulation) GBP, Class A (Accumulation) EUR and Class A (Accumulation) AUD commenced at 9:00 a.m. (Hong Kong time) on 23 December 2022 and will close at 4:00 pm (Hong Kong time) on the Business Day on which a subscription for each class is first received (or such other dates and times as the Manager may determine).

The Initial Offer Period of Class A RMB (monthly distribution), Class A HKD (monthly distribution) and Class A USD (monthly distribution) will commence at 9:00 a.m. (Hong Kong time) on 12 July 2023 and will close at 4:00 pm (Hong Kong time) on the Business Day on which a subscription for each class is first received (or such other dates and times as the Manager may determine).

The initial subscription price for each of Class A GBP, Class A EUR, Class A AUD, Class A RMB (monthly distribution), Class A HKD (monthly distribution), Class A USD (monthly distribution), Class A (Accumulation) RMB, Class A (Accumulation) HKD, Class A (Accumulation) USD, Class A (Accumulation) GBP, Class A (Accumulation) EUR and Class A (Accumulation) AUD is set out below:

Class A GBP: GBP10
Class A EUR: EUR10
Class A AUD: AUD10
Class A RMB (monthly distribution): RMB100
Class A HKD (monthly distribution): HKD100
Class A USD (monthly distribution): USD10
Class A (Accumulation) RMB: RMB100
Class A (Accumulation) HKD: HKD100
Class A (Accumulation) USD: USD10
Class A (Accumulation) GBP: GBP10
Class A (Accumulation) EUR: EUR10
Class A (Accumulation) AUD: AUD10

Investment Minima

Minimum Initial Subscription Amount

Class A RMB: RMB10,000
Class A HKD: HKD10,000
Class A USD: USD1,000
Class A GBP: GBP1,000
Class A EUR: EUR1,000
Class A AUD: AUD1,000
Class A RMB (monthly distribution): RMB10,000
Class A HKD (monthly distribution): HKD10,000
Class A USD (monthly distribution): USD1,000
Class A (Accumulation) RMB: RMB10,000
Class A (Accumulation) HKD: HKD10,000
Class A (Accumulation) USD: USD1,000
Class A (Accumulation) GBP: GBP1,000
Class A (Accumulation) EUR: EUR1,000
Class A (Accumulation) AUD: AUD1,000

Minimum Subsequent Subscription Amount

Class A RMB: RMB10,000
Class A HKD: HKD10,000
Class A USD: USD1,000

Class A GBP: GBP1,000
Class A EUR: EUR1,000
Class A AUD: AUD1,000
Class A RMB (monthly distribution): RMB10,000
Class A HKD (monthly distribution): HKD10,000
Class A USD (monthly distribution): USD1,000
Class A (Accumulation) RMB: RMB10,000
Class A (Accumulation) HKD: HKD10,000
Class A (Accumulation) USD: USD1,000
Class A (Accumulation) GBP: GBP1,000
Class A (Accumulation) EUR: EUR1,000
Class A (Accumulation) AUD: AUD1,000

Minimum Holding Amount — Aggregate minimum value of Units held:

Class A RMB: RMB10,000
Class A HKD: HKD10,000
Class A USD: USD1,000
Class A GBP: GBP1,000
Class A EUR: EUR1,000
Class A AUD: AUD1,000
Class A RMB (monthly distribution): RMB10,000
Class A HKD (monthly distribution): HKD10,000
Class A USD (monthly distribution): USD1,000
Class A (Accumulation) RMB: RMB10,000
Class A (Accumulation) HKD: HKD10,000
Class A (Accumulation) USD: USD1,000
Class A (Accumulation) GBP: GBP1,000
Class A (Accumulation) EUR: EUR1,000
Class A (Accumulation) AUD: AUD1,000

Minimum Redemption Amount — Aggregate minimum value of Units redeemed:

Class A RMB: RMB10,000
Class A HKD: HKD10,000
Class A USD: USD1,000
Class A GBP: GBP1,000
Class A EUR: EUR1,000
Class A AUD: AUD1,000

Class A RMB (monthly distribution): RMB10,000
Class A HKD (monthly distribution): HKD10,000
Class A USD (monthly distribution): USD1,000
Class A (Accumulation) RMB: RMB10,000
Class A (Accumulation) HKD: HKD10,000
Class A (Accumulation) USD: USD1,000
Class A (Accumulation) GBP: GBP1,000
Class A (Accumulation) EUR: EUR1,000
Class A (Accumulation) AUD: AUD1,000

Fees

Fees payable by investors

Preliminary Charge (% of total subscription amount received)	**Class A**: up to 5.0%
Redemption Charge (% of Redemption Price)	**Class A**: nil
Switching Charge (% of total amount being switched into)	Up to 3.0%

Fees payable by the Sub-Fund

Management Fee (% Net Asset Value of the Sub-Fund)	**Class A**: 1.0% p.a.
Trustee Fee (% Net Asset Value of the Sub-Fund)	**Class A**: 0.15% p.a., subject to a minimum monthly fee of RMB40,000.00
Custody Fee (% Net Asset Value of the Sub-Fund)	Up to 0.03% p.a.
Performance Fee (% Net Asset Value of the Sub-Fund)	Nil

Establishment Costs

The costs of establishment of Ping An of China Select Investment Fund Series and Ping An of China SIF- RMB Bond Fund (initial Sub-Fund) have been described in the main part of the Explanatory Memorandum.

Dealing Day

Every Business Day.

Dealing Deadline

4:00 p.m. (Hong Kong time) on the relevant Dealing Day. The Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadline for receiving instructions for subscriptions, redemptions or switching. Investors should confirm the arrangements with the Authorised Distributor(s) concerned.

Subscription, Redemption and Switching of Units

Notwithstanding the provisions under "Redemption of Units" in the main part of the Explanatory Memorandum, the Sub-Fund may rely upon application form received and may issue Units to investors according to such application form and invest the expected application amounts. If payment is not cleared within 4 Business Days following the relevant Dealing Day (or such other date as the Manager shall determine and notify the relevant applicant at the time of receipt of the application), the Manager reserves the right to cancel the transaction. In such circumstances, an investor may be required to settle the difference between the prices at issue and at cancellation of the Units concerned and in addition the appropriate cancellation fees and charges.

Subject to the disclosure in this section, for details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under "Purchase of Units", "Redemption of Units" and "Switching between Classes".

Switching of Units

Switching of Units in the Sub-Fund to or from Units of another Sub-Fund of Ping An of China Select Investment Fund Series is permitted. Switching of Units in one class to or from another class of the Sub-Fund in the same currency or a different currency is permitted.

Distributions

For the accumulation Class(es), no distribution will be made to Unitholders.

For all other classes, the Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. In the event that the Manager decides to make distribution of dividends, the distribution entitlements will be automatically re-invested in further Units of the Sub-Fund for the account of the Unitholder entitled to the distribution, unless instructions in writing to the contrary are received from the Unitholder at least 21 days prior to the relevant distribution date. It is currently intended that distributions will be made (i) in respect of Class A RMB, Class A HKD, Class A USD, Class A GBP, Class A EUR and Class A AUD, on a semi-annual basis (i.e. June and December each year) in the class currency of the relevant class; and (ii) in respect of Class A RMB (monthly distribution), Class A HKD (monthly distribution) and Class A USD (monthly distribution), on a monthly basis in the class currency of the relevant class. There is no guarantee of regular distribution and if distribution is made, the amount being distributed. While it is the current intention of the Manager to make distributions out of the net income (the income net expenses), the Manager may at its discretion pay distributions out of the capital of the Sub-Fund or pay distributions out of gross income while charging/ paying all or part of the Sub-Fund's fees and expenses to/ out of the capital of the Sub-Fund. Where distributions are paid out of gross income, this will result in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital.

Compositions of the distributions (if any) (i.e. the relative amounts / percentages paid out of (i) net distributable income and (ii) capital) for the last 12 months would be made available by the Manager on request and also on the following website: https://asset.pingan.com.hk/en/PACSIF-RMBBF#f5. Unitholders should be aware of the effects of making distributions out of capital and pay attention to the relevant risk disclosures as set under the sub-heading "Risks associated with distributions out of capital" under the section headed "Risk Factors" in the main part of the Explanatory Memorandum. The Manager may amend the distribution policy subject to SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Valuation

The Valuation Day will be each Dealing Day and the Valuation Point is the close of business in the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the initial offer period.

APPENDIX II – PING AN MONEY MARKET FUND

This Appendix comprises information in relation to Ping An Money Market Fund, a Sub-Fund of the Fund (the "Sub-Fund").

Base Currency

The base currency of the Sub-Fund is USD.

Investment Objective and Policy

The Sub-Fund's objective is to invest in short-term deposits and high quality money market instruments. The Sub-Fund seeks to achieve a return in USD in line with prevailing money market rates.

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its Net Asset Value) in USD-denominated and settled short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations and financial institutions. The Sub-Fund may invest up to 30% of its Net Asset Value in non USD-denominated short-term deposits and high quality money market instruments. The Manager will hedge non USD-denominated investments into USD in order to manage any material currency risk.

In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the instrument must be taken into account.

High quality money market instruments include debt securities, commercial papers, certificates of deposits and commercial bills. Debt securities invested by the Sub-Fund include but are not limited to government bonds, fixed and floating rate bonds.

The Sub-Fund will only invest in debt securities which (i) are rated investment grade or above or (ii) are issued/guaranteed by issuers/guarantors that are rated investment grade or above, by an independent rating agency, e.g. Fitch, Moody's, Standard and Poor's. A short-term debt security is considered investment grade if its credit rating is A-3 or higher by Standard & Poor's or F3 or higher by Fitch Ratings or P-3 or higher by Moody's or equivalent rating as rated by one of the international credit rating agencies. For short-term onshore China bonds, an investment grade rating is a minimum credit rating of AAA, as rated by one of the credit rating agencies in China. Short-term deposits (e.g. certificates of deposits) invested by the Sub-Fund will be issued by investment grade-rated banks or substantial financial institutions, as defined in the Code.

The Manager will assess the liquidity profile of instruments based on, amongst other factors, time to cash, external liquidity classification, liquidation horizon, daily trading volume, price volatility and bid-ask spread of such instruments. Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

There is no specific geographical allocation of the country of issue of the high quality money market instruments or short-term deposits. Countries or regions in which the Sub-Fund may invest in include Hong Kong, Singapore, the European Union and the United States and China (onshore and offshore markets). The Sub-Fund will invest not more than 40% of its Net Asset Value in emerging markets (including Mainland China).

The Sub-Fund may invest up to 15% of its Net Asset Value in onshore China debt securities, such as government bonds, policy bank bonds, negotiable certificates of deposits, via the mutual bond market access between Hong Kong and Mainland China ("Bond Connect").

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other Public Securities, up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other Public Securities.

The Sub-Fund may borrow up to 10% of its latest available Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. The Sub-Fund will not invest in any convertible bonds or instruments with loss absorption features, or any urban investment bonds.

Other investments

The Sub-Fund may invest up to 10% of its Net Asset Value in money market funds authorised in Hong Kong by the SFC under Chapter 8.2 of the Code or regulated in other jurisdictions in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

The Sub-Fund may invest up to 15% of its Net Asset Value in asset backed securities, such as mortgage backed securities. Such asset backed securities will be issued in regions such as Mainland China, Hong Kong, Singapore or the United States, and will be rated investment grade or above.

The Sub-Fund may engage in reverse repurchase transactions (i.e. a transaction whereby the Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an pre-determined price in the future) provided that the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund.

The Sub-Fund may enter into sale and repurchase transactions for up to 10% of its Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses, provided that the amount of cash received by the Sub-Fund under sale and repurchase transactions may not in aggregate exceed 10% of its Net Asset Value. Sale and repurchase transactions are transactions where the Sub-Fund sells securities such as bonds for cash and simultaneously agrees to repurchase the securities from the counterparty at a pre-determined future date for a pre-determined price. Cash obtained in sale and repurchase transactions will not be re-invested.

For sale and repurchase transactions, the Manager will seek to appoint independent counterparties which are financial institutions subject to ongoing prudential regulation and supervision and approved by the Manager with credit rating of BBB- or above (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised international credit rating agencies) or which are SFC-licensed corporations or are registered institutions with the Hong Kong Monetary Authority. Any incremental income generated will be credited to the account of the Sub-Fund after deducting any fees charged by parties operating such transactions.

For the avoidance of doubt, the Sub-Fund will not (i) invest in any securities or other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such securities are regularly traded or (ii) make any short sales.

The Sub-Fund will not write any options. The Sub-Fund will enter into financial derivative instruments ("FDIs") for hedging purposes only.

The Sub-Fund will not enter into any securities lending transactions. If any of this changes in the future, prior approval of the SFC will be sought (if required) and not less than one month's notice will be provided to Unitholders before the Sub-Fund enters into any such transaction.

Specific Risk Factors

Investors should refer to the relevant risks under the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum, and the following specific risk factors for the Sub-Fund.

Investment risk – The Sub-Fund's investment portfolio may fall in value due to any of the risk factors relevant to the Sub-Fund. Investors may suffer losses as a result.

The purchase of a Unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. The Sub-Fund does not guarantee repayment of principal and the Manager has no obligation to redeem the Units at the offer value. The Sub-Fund does not have a constant Net Asset Value. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Investors should be aware that investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in the underlying assets into which the Sub-Fund may invest. There can be no assurance that any appreciation in value of investments will occur. There is no guarantee of repayment of principal.

Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective, there can be no assurance that these strategies will be successful. The Manager may not be successful in selecting the best-performing securities or investment techniques. Accordingly, there is a risk that investors may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of their initial investment.

Concentration risk – The Sub-Fund will invest primarily in the USD-denominated and settled short-term deposits and high quality money market instruments. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the USD money markets.

Risks associated with debt securities

Short-term debt instruments risk – As the Sub-Fund invests significantly in short-term debt instruments with short maturities, it means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term debt instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund.

Credit/counterparty risk – Investment in debt securities is subject to the credit risk of the

issuers which may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the issuers of the debt securities held by the Sub-Fund, valuation of the Sub-Fund's portfolio may become more difficult, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.

Fixed income instruments are offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of debt securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Changing market conditions or other significant events, such as credit rating downgrades affecting issuers or major financial institutions, may also pose valuation risk to the Sub-Fund as the value of the Sub-Fund's portfolio of debt securities, including corporate bonds and commercial papers, may become more difficult or impossible to ascertain. In such circumstances, valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations as there is a possibility that independent pricing information may at times be unavailable. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may need to be adjusted and may be adversely affected. Such events or credit rating downgrades may also subject the Sub-Fund to increased liquidity risk as it may become more difficult for the Sub-Fund to dispose of its holdings of bonds at a reasonable price or at all.

Sovereign debt risk – The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Asset backed securities risks – Asset backed securities may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Volatility and liquidity risk – The debt securities in the emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

Credit rating and downgrading risk – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded. For more details, please refer to "Credit rating downgrading risk" under the section headed "Risk Factors" in the main part of this Explanatory Memorandum.

Below investment grade and non-rated sovereign debt risk – The Sub-Fund may invest in securities issued or guaranteed by a single sovereign issuer (including its government, a public or local authority) with a credit rating below investment grade or is unrated. Such securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. Please refer to "Below investment grade and non-rated securities risk" under the section headed "Risk Factors" in the main part of this Explanatory Memorandum.

Risks associated with bank deposits – Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund may also place deposits in non-resident accounts (NRA) and offshore accounts (OSA) with banks in the PRC. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

Eurozone and European country risk – The Sub-Fund may invest in the European Union (the "EU"). Investments in Europe may be subject to a number of risks arising from a recent financial crisis in Europe. In light of the ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the Sub-Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. While the governments of many European countries, the European Commission, the European Central Bank, the International Monetary Fund and other authorities are taking measures (such as undertaking economic reforms and imposing austerity measures on their citizens) to address the current fiscal conditions and concerns in Europe, these measures may not have the desired effect, and the future stability and growth of Europe is therefore uncertain. It is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the EU and/or that the Euro will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. It is also possible that the credit rating of a country or sovereign may be downgraded. The effect of such potential events on the Sub-Fund which invests in instruments predominantly tied to Europe is impossible to predict. The impact of the above adverse events may be significant and may adversely affect the value of Sub-Fund investing in securities issued by issuers based in or with substantial operations in Europe,

and investors may suffer significant loss.

In a referendum held in June 2016, the United Kingdom (the "UK") electorate voted to leave the EU. On 31 January 2020, the UK has officially left the European Union. On 24 December 2020, the EU and the UK reached an agreement in principle on the EU-UK Trade and Cooperation Agreement. The future economic and political relationship between the UK and the EU (and between the UK and other countries) is uncertain, and a period of economic and political uncertainty is continuing in the UK, in the rest of the European Union and globally. The UK's exit from the EU is anticipated to result in regulatory changes, which may be adverse to the Manager. The ultimate nature and extent of the impact of these events on the Sub-Fund are uncertain, but may be significant.

Other member states of the EU may also reconsider their EU membership. This could result in one or more other countries leaving the EU, or in major reforms or changes being made to the Eurozone. The nature and extent of the impact of any such changes on the Sub-Fund are uncertain, but may be significant.

Risks associated with PRC debt securities

General – Many of the PRC debt securities may be subject to greater risks because of generally reduced liquidity, greater price volatility and greater credit risk. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers who will generally be incorporated in the PRC and therefore not subject to the laws of Hong Kong.

The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Overview of 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 ("**CFETS**"), China Central Depository & Clearing Co., Ltd ("**CCDCC**"), 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 ("**CIBM**") through the northbound trading of Bond Connect ("**Northbound Trading Link**"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the People's Bank of China ("**PBOC**") as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Securities Depository & Clearing Co., Ltd and Shanghai Clearing House). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Risks associated with Bond Connect – Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Sub-Fund transacts in the CIBM, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an offshore custody agent, registration agents, or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the CIBM via Bond Connect is also subject to regulatory risks. The relevant rules and regulations on 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 CIBM, the Sub-Fund's ability to invest in the CIBM will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or

will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. The Sub-Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where Sub-Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

Taxation Risk – By investing in the PRC inter-bank bond market, the Sub-Fund may be at risk of being subject to PRC taxes. There is a possibility that the current tax laws, rules, regulations and practice in the PRC and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in the Sub-Fund. For further details on PRC taxes and associated risks, please refer to the risk factor headed "**PRC tax considerations**" under the "**RISK FACTORS**" section.

PRC Sovereign Debt Risk – The Sub-Fund may invest in PRC sovereign debt securities and such investments involve special risks. The Chinese governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A Chinese governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the Chinese governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Chinese governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a Chinese governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the Chinese governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign debt. Holders of PRC sovereign debt, including the Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. As at the date of this Explanatory Memorandum, there is no

bankruptcy proceeding by which sovereign debt on which a Chinese governmental entity has defaulted may be collected in whole or in part. The Sub-Fund's recourse against a defaulting sovereign is limited.

A lowering of the credit rating of the Chinese government may also affect the liquidity of sovereign bonds, making it more difficult to sell. In general, debt instruments that have a lower credit rating or that are non-rated will be more susceptible to the credit risk of the issuers. In the event of a credit rating downgrade of the Chinese government, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.

For the avoidance of doubt, the Sub-Fund does not invest in urban investment bonds.

Settlement risks – Settlement procedures in China are less developed and less reliable and may involve the Sub-Fund's delivery of Securities, or transfer of title to Securities, before receipt of payment for their sale. The Sub-Fund may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. The Sub-Fund may incur substantial losses if its counterparty fails to pay for Securities the Sub-Fund has delivered, or for any reason fails to complete its contractual obligations owed to the Sub-Fund. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of Securities. Such delays could result in substantial losses for the Sub-Fund if investment opportunities are missed or if the Sub-Fund is unable to acquire or dispose of a security as a result.

To the extent the Sub-Fund transacts in the inter-bank bond market in China, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. All trades settled through CCDCC are on delivery versus payment basis. If a counterparty defaults in delivering the securities, the trade may be cancelled and this may adversely affect the value of the Sub-Fund.

The Sub-Fund may invest in the Chinese bond market via the exchange market and all bond trades will be settled through the China Securities Depository and Clearing Co., Ltd (中國證券登記結算有限責任公司) (the "CSDCC"). If a counterparty defaults in payment or delivery obligation, a trade may be delayed and this may adversely affect the value of the Sub-Fund.

Risks of investing in other collective investment schemes – The Sub-Fund may invest in underlying funds to pursue its investment objective, and those underlying funds may not be regulated by the SFC. Further the Manager does not have control of the investments of the

underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the Net Asset Value of the Sub-Fund.

The value of the shares or units of the underlying funds will take into account their fees and expenses, including fees (in some cases including performance fees) charged by their investment managers. Some underlying funds may also impose fees or levies which may be payable by the Sub-Fund when it subscribes to or redeems out of such underlying funds. Whilst the Manager will take the level of any such fees into account when deciding whether or not to invest, investors should nevertheless be aware that investing into underlying funds may involve another layer of fees, in addition to the fees charged by the Sub-Fund.

There is also no guarantee that the underlying funds the Sub-Fund invests in will have sufficient liquidity to meet the Sub-Fund's redemption requests. The Sub-Fund may therefore be subject to liquidity risk by investing in these underlying funds.

If the Sub-Fund invests in an underlying fund managed by the Manager or Connected Person of the Manager, all initial charges and redemption charges on these underlying funds must be waived, and the Manager, or any person acting on behalf of the Sub-Fund or the Manager, must not obtain rebate of any fees or charges levied by these underlying funds or its manager, or any quantifiable monetary benefits in connection with investments in any underlying funds. In case any conflict of interest may still arise out of such investments, the Manager will use its best endeavours to resolve it fairly.

Renminbi currency risk – RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the Sub-Fund's or the investors' position may be adversely affected.

There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors convert HKD or any other currency into RMB so as to invest in the RMB class of Units and subsequently convert the RMB redemption proceeds back into HKD or any other currency, they may suffer a loss if RMB depreciates against HKD or such other currency. Where an investor subscribes for a class of Units denominated in RMB, the Manager may (where appropriate) convert such subscriptions into a non-RMB currency prior to investment at the applicable exchange rate and subject to the applicable spread. Where an investor redeems Units denominated in RMB, the Manager will sell the Sub-Fund's investments (which may be denominated in a non-RMB currency) and convert such proceeds into RMB at the applicable exchange rate and subject to the applicable spread.

Please note that currency conversion may also be subject to the availability of RMB at the relevant time which will affect the Sub-Fund's ability to convert proceeds into RMB, for example, the Sub-Fund may not have sufficient RMB to meet redemption requests from Unitholders in RMB denominated classes of Units, and the Sub-Fund may delay the payment of redemption proceeds under exceptional circumstances. It is also possible that the Sub-Fund may not have sufficient RMB for its investments.

Non-RMB based investors who invest in RMB denominated classes are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the RMB denominated classes of Units.

The RMB is traded in both the onshore and offshore markets. While both onshore RMB ("CNY") and offshore RMB ("CNH") represent the same currency, they are traded in different and separate markets which operate independently. Therefore CNY and CNH do not necessarily have the same exchange rate and their movement may not be in the same direction. Any divergence between CNH and CNY may adversely impact investors. In calculating the value of non-RMB denominated or settled assets and the prices of non-RMB classes, the Manager will normally apply the exchange rate for offshore RMB market in Hong Kong (the "CNH rate"). The CNH rate may be at a premium or discount to the exchange rate for onshore RMB market in the PRC (the "CNY rate") and there may be significant bid and offer spreads. The value of the Sub-Fund thus calculated will be subject to fluctuation. There may also be significant trading costs incurred and investors investing in classes of Units denominated in RMB may suffer losses.

Available Classes

The following classes of Units are available for sale in Hong Kong:

Class	Class Currency
Class P	USD
Class P	HKD
Class P (Hedged)	HKD
Class P	RMB
Class P (Hedged)	RMB
Class M	USD

Class M	HKD
Class M (Hedged)	HKD
Class M	RMB
Class M (Hedged)	RMB
Class I	USD
Class I	HKD
Class I (Hedged)	HKD
Class I	RMB
Class I (Hedged)	RMB
Class P (Distribution)	USD
Class P (Distribution)	HKD
Class P (Distribution)	RMB
Class M (Distribution)	USD
Class M (Distribution)	HKD
Class M (Distribution)	RMB
Class I (Distribution)	USD
Class I (Distribution)	HKD
Class I (Distribution)	RMB

The Manager accepts payment of subscription moneys in the class currency of the relevant Units.

Initial Offer Period

The Initial Offer Period of the Sub-Fund commenced at 9:00 a.m. (Hong Kong time) on 29 March 2021 and ended at 4:00 p.m. (Hong Kong time) on 30 March 2021 (or such other dates or times as the Manager may determine).

The Initial Offer Period of Class P USD (Distribution), Class P HKD (Distribution), Class P RMB (Distribution), Class M USD (Distribution), Class M HKD (Distribution), Class M RMB (Distribution), Class I USD (Distribution), Class I HKD (Distribution) and Class I RMB (Distribution) will commence at 9:00 a.m. (Hong Kong time) on 14 October 2024 and will

close at 4:00 pm (Hong Kong time) on the Business Day on which a subscription for each class is first received (or such other dates and times as the Manager may determine).

The initial Subscription Price for each class of Units is set out below:

Class	Class Currency	Initial Subscription Price
Class P	USD	USD100
Class P	HKD	HKD1,000
Class P (Hedged)	HKD	HKD1,000
Class P	RMB	RMB1,000
Class P (Hedged)	RMB	RMB1,000
Class M	USD	USD 100
Class M	HKD	HKD100
Class M (Hedged)	HKD	HKD100
Class M	RMB	RMB100
Class M (Hedged)	RMB	RMB100
Class I	USD	USD100
Class I	HKD	HKD1,000
Class I (Hedged)	HKD	HKD1,000
Class I	RMB	RMB1,000
Class I (Hedged)	RMB	RMB1,000
Class P (Distribution)	USD	USD100
Class P (Distribution)	HKD	HKD1,000
Class P (Distribution)	RMB	RMB1,000
Class M (Distribution)	USD	USD 100
Class M (Distribution)	HKD	HKD100
Class M (Distribution)	RMB	RMB100
Class I (Distribution)	USD	USD100
Class I (Distribution)	HKD	HKD1,000

Class I (Distribution)	RMB	RMB1,000

The Manager may decide not to issue any Units in the event that less than the equivalent of USD50,000,000 is raised during the Initial Offer Period or if the Manager is of the opinion that it is not commercially viable to proceed. In such event subscription monies paid by an applicant will be returned by cheque through post, by telegraphic transfer to the bank account from which the moneys originated, or by such other means as the Manager and the Trustee consider appropriate, at the applicant's risk (without interest and net of expenses) within 14 Business Days after the expiry of the Initial Offer Period.

Investment Minima

Minimum Initial Investment	Class P USD: USD 1 Class P HKD: HKD 1 Class P HKD (Hedged): HKD 1 Class P RMB: RMB 1 Class P RMB (Hedged): RMB 1 Class M USD: USD 1 Class M HKD: HKD 1 Class M HKD (Hedged): HKD 1 Class M RMB: RMB 1 Class M RMB (Hedged): RMB 1 Class I USD: USD 1 Class I HKD: HKD 1 Class I HKD (Hedged): HKD 1 Class I RMB: RMB 1 Class I RMB (Hedged): RMB 1 Class P USD (Distribution): USD 1 Class P HKD (Distribution): HKD 1 Class P RMB (Distribution): RMB 1 Class M USD (Distribution): USD 1 Class M HKD (Distribution): HKD 1 Class M RMB (Distribution): RMB 1 Class I USD (Distribution): USD 1 Class I HKD (Distribution): HKD 1 Class I RMB (Distribution): RMB 1

Minimum Subsequent Subscription Amount	Class P USD: USD 1 Class P HKD: HKD 1 Class P HKD (Hedged): HKD 1 Class P RMB: RMB 1 Class P RMB (Hedged): RMB 1 Class M USD: USD 1 Class M HKD: HKD 1 Class M HKD (Hedged): HKD 1 Class M RMB: RMB 1 Class M RMB (Hedged): RMB 1 Class I USD: USD 1 Class I HKD: HKD 1 Class I HKD (Hedged): HKD 1 Class I RMB: RMB 1 Class I RMB (Hedged): RMB 1 Class P USD (Distribution): USD 1 Class P HKD (Distribution): HKD 1 Class P RMB (Distribution): RMB 1 Class M USD (Distribution): USD 1 Class M HKD (Distribution): HKD 1 Class M RMB (Distribution): RMB 1 Class I USD (Distribution): USD 1 Class I HKD (Distribution): HKD 1 Class I RMB (Distribution): RMB 1
Minimum Holding Amount	Aggregate minimum value of Units held: Class P USD: USD 1 Class P HKD: HKD 1 Class P HKD (Hedged): HKD 1 Class P RMB: RMB 1 Class P RMB (Hedged): RMB 1 Class M USD: USD 1 Class M HKD: HKD 1 Class M HKD (Hedged): HKD 1 Class M RMB: RMB 1 Class M RMB (Hedged): RMB 1 Class I USD: USD 1

	Class I HKD: HKD 1 Class I HKD (Hedged): HKD 1 Class I RMB: RMB 1 Class I RMB (Hedged): RMB 1 Class P USD (Distribution): USD 1 Class P HKD (Distribution): HKD 1 Class P RMB (Distribution): RMB 1 Class M USD (Distribution): USD 1 Class M HKD (Distribution): HKD 1 Class M RMB (Distribution): RMB 1 Class I USD (Distribution): USD 1 Class I HKD (Distribution): HKD 1 Class I RMB (Distribution): RMB 1
Minimum Redemption Amount	Aggregate minimum value of Units redeemed: Class P USD: USD 1 Class P HKD: HKD 1 Class P HKD (Hedged): HKD 1 Class P RMB: RMB 1 Class P RMB (Hedged): RMB 1 Class M USD: USD 1 Class M HKD: HKD 1 Class M HKD (Hedged): HKD 1 Class M RMB: RMB 1 Class M RMB (Hedged): RMB 1 Class I USD: USD 1 Class I HKD: HKD 1 Class I HKD (Hedged): HKD 1 Class I RMB: RMB 1 Class I RMB (Hedged): RMB 1 Class P USD (Distribution): USD 1 Class P HKD (Distribution): HKD 1 Class P RMB (Distribution): RMB 1 Class M USD (Distribution): USD 1 Class M HKD (Distribution): HKD 1 Class M RMB (Distribution): RMB 1 Class I USD (Distribution): USD 1 Class I HKD (Distribution): HKD 1

Class I RMB (Distribution): RMB 1

Fees

Fees payable by investors

Preliminary Charge[#] (% of total subscription amount received)	Up to 3.0% for each class
Redemption Charge[#] (% of Redemption Price)	Nil
Switching Charge[#] (% of total amount being switched into)	Up to 3.0%

Fees payable by the Sub-Fund

Management Fee[#] (% Net Asset Value of each class of the Sub-Fund)	**Class P**: up to 0.30% p.a. **Class M**: up to 0.60% p.a. **Class I**: up to 0.10% p.a.
Trustee Fee[#] (% Net Asset Value of each class of the Sub-Fund)	up to 0.075% p.a. and subject to a monthly minimum fee of up to USD4,000
Custody Fee[#] (% Net Asset Value of the Sub-Fund)	up to 0.0225% p.a.
Performance Fee (% Net Asset Value of the Sub-Fund)	Nil

[#] Unitholders shall be given not less than 1 month's prior notice should the Management Fee , Trustee Fee, Custody Fee, Preliminary Charge, Redemption Charge or Switching Charge be increased from the current level up to the maximum level as disclosed in the main part of this Explanatory Memorandum.

Establishment Costs

The costs of establishment of the Sub-Fund have been described in the main part of the Explanatory Memorandum.

Dealing Day

Every Business Day.

Dealing Deadline

12:00 noon (Hong Kong time) on the relevant Dealing Day. The Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadline for receiving instructions for subscriptions, redemptions or switching. Investors should confirm the arrangements with the Authorised Distributor(s) concerned.

Subscription, Redemption and Switching of Units

Notwithstanding the description in the section "Purchase of Units" in the main part of the Explanatory Memorandum,

- applications will be accepted on a Dealing Day only if application moneys have been received in cleared funds on or prior to the Dealing Deadline on the relevant Dealing Day in relation to which Units are to be issued (and during the Initial Offer Period, prior to the end of the Initial Offer Period); and

- the Issue Price on any Dealing Day after the Initial Offer Period will be the Net Asset Value of the relevant class of Units of the Sub-Fund as at the Valuation Point in respect of the Dealing Day divided by the number of such class of Units then in issue, rounded down to 4 decimal places.

Notwithstanding the description in the section "Purchase of Units" in the main part of the Explanatory Memorandum, fractions of Units of the Sub-Fund may be issued rounded down to 4 decimal places.

Notwithstanding the description in the section "Redemption of Units" in the main part of the Explanatory Memorandum,

- redemption proceed will normally be paid as soon as practicable, and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for redemption of Units, unless the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls), rendering the payment of the redemption money within the

aforesaid time period not practicable. In such case, the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s); and

- the Redemption Price on any Dealing Day shall be the price per Unit ascertained by dividing the Net Asset Value of the relevant class of the Sub-Fund as at the Valuation Point in respect of the Dealing Day by the number of such class of Units then in issue rounded down to 4 decimal places.

Any bank charges associated with the payment of redemption proceeds will be borne by the redeeming Unitholder.

Subject to the disclosure in this section, for details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under "Purchase of Units", "Redemption of Units" and "Switching between Classes".

Where the Sub-Fund does not have sufficient RMB, the Manager may pay the redemption proceeds for RMB Unit classes in the base currency of the Sub-Fund or, in case of sizeable redemption requests for RMB Unit classes, the Manager has the absolute discretion to delay any payment in respect of the redemption for a period not exceeding one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented redemption request.

Switching of Units

Switching of Units in the Sub-Fund to or from Units of another Sub-Fund of Ping An of China Select Investment Fund Series is permitted. Switching of Units in one class to or from another class of the Sub-Fund in the same currency or a different currency is permitted.

Distributions

For Class P USD, Class P HKD, Class P HKD (Hedged), Class P RMB, Class P RMB (Hedged), Class M USD, Class M HKD, Class M HKD (Hedged), Class M RMB, Class M RMB (Hedged), Class I USD, Class I HKD, Class I HKD (Hedged), Class I RMB and Class I RMB (Hedged), it is not envisaged that any distributions will be paid in respect of the any of these classes. Therefore any net income and net capital gains in respect of each of these classes will be reinvested, and will be reflected in the relevant Net Asset Value per Unit.

For Class P USD (Distribution), Class P HKD (Distribution), Class P RMB (Distribution), Class M USD (Distribution), Class M HKD (Distribution), Class M RMB (Distribution), Class

I USD (Distribution), Class I HKD (Distribution) and Class I RMB (Distribution), the Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. In the event that the Manager decides to make distribution of dividends, the distribution entitlements will be automatically made as dividend payment to the Unitholder entitled to the distribution, unless instructions in writing to the contrary are received from the Unitholder at least 21 days prior to the relevant distribution date. It is currently intended that distributions will be made on a monthly basis in the class currency of the relevant class. There is no guarantee of regular distribution and if distribution is made, the amount being distributed. While it is the current intention of the Manager to make distributions out of the net income (the income net expenses), the Manager may at its discretion pay distributions out of the capital of the Sub-Fund or pay distributions out of gross income while charging/ paying all or part of the Sub-Fund's fees and expenses to/ out of the capital of the Sub-Fund. Where distributions are paid out of gross income, this will result in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital. Compositions of the distributions (if any) (i.e. the relative amounts / percentages paid out of (i) net distributable income and (ii) capital) for the last 12 months would be made available by the Manager on request and also on the following website: https://asset.pingan.com.hk/en/PACSIF-PAMMF#f5. Unitholders should be aware of the effects of making distributions out of capital and pay attention to the relevant risk disclosures as set under the sub-heading "Risks associated with distributions out of capital" under the section headed "Risk Factors" in the main part of the Explanatory Memorandum.

The Manager may amend the distribution policy of each class subject to SFC's prior approval (if required) and by not giving less than one month's prior notice to Unitholders.

Valuation

The Valuation Day will be each Dealing Day and the Valuation Point is 12:00 noon (Hong Kong time) on each Valuation Day, the first Valuation Day being the first Dealing Day following the initial offer period.

APPENDIX III – PING AN STABLE FUND

This Appendix comprises information in relation to Ping An Stable Fund, a Sub-Fund of the Fund (the "Sub-Fund").

Base Currency

The base currency of the Sub-Fund is USD.

Investment Objective and Policy

The Sub-Fund's objective is to provide stable income by mainly investing in money market instruments and debt securities.

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its Net Asset Value) in a broad range of USD-denominated money market instruments and debt securities which are issued by governments, quasi-governments, international organisations, financial institutions and corporate issuers. The money market instruments and debt securities that the Sub-Fund invests in may include but are not limited to short-term deposits, government bills, time deposit, certificates of deposit, commercial papers, bankers' acceptances, bonds, notes and money market funds managed by a third party, the Manager, or its Connected Persons.

The Sub-Fund will not have limits on the weighted average maturity and weighted average life of the portfolio. The Sub-Fund will not have a limit on the remaining maturity of a single investment instrument.

The Sub-Fund will invest not less than 70% of its Net Asset Value in debt securities and money market instruments which (i) are rated investment grade or above or (ii) are issued or guaranteed by issuers or guarantors that are rated investment grade or above, by an independent rating agency, e.g. Fitch, Moody's and Standard and Poor's. A debt security is considered investment grade if its short-term credit rating is A-3 or higher by Standard & Poor's or F3 or higher by Fitch Ratings or P-3 or higher by Moody's or equivalent rating as rated by one of the international credit rating agencies, or its long-term credit rating is BBB- or above by Fitch Ratings or Standard & Poor's or Baa3 or above by Moody's or equivalent rating as rated by one of the international credit rating agencies. For onshore China bonds, an investment grade rating is a short-term credit rating of AAA or higher as rated by one of the credit rating agencies in China, or a long-term credit rating of AA+ or higher as rated by one of the credit rating agencies in China. Deposits (e.g. certificates of deposits) invested by the Sub-Fund will be issued by investment grade-rated banks or substantial financial institutions, as defined in the

Code.

The Sub-Fund will mainly invest in the Asia-Pacific region including Hong Kong, Singapore and Mainland China (onshore and offshore markets) but it may also invest in other regions including the European Union and the United States. There is no specific geographical allocation of the country of issue of the money market instruments or debt securities, or the location of banks in respect of bank deposits. The Sub-Fund will invest not more than 40% of its Net Asset Value in emerging markets (including Mainland China). For the avoidance of doubt, Mainland China is not the primary market for investments of the Sub-Fund.

The Sub-Fund may invest up to 20% of its Net Asset Value in onshore China debt securities, such as government bonds, policy bank bonds and negotiable certificates of deposits, via the mutual bond market access between Hong Kong and Mainland China ("Bond Connect").

The Sub-Fund may invest up to 10% of its Net Asset Value in urban investment bonds (城投債). The Sub-Fund may invest less than 30% of its Net Asset Value in "Dim Sum" bonds. The Sub-Fund may invest, in aggregate less than 30% of its Net Asset Value, in convertible bonds (issued and/or guaranteed by issuers such as corporations, financial institutions and banks) and in instruments issued under the Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules and other similar instruments that may be issued by banks or other financial institutions that fall under the definition of debt instruments with loss-absorption features ("LAP") such as contingent convertible debt securities, Additional Tier 1 capital notes and Tier 2 capital notes, subordinated debt instruments etc. These instruments may be subject to contingent write-down on the occurrence of trigger event(s).

Other investments

The Sub-Fund may invest in collective investment schemes managed by a third party, the Manager, or its Connected Persons. Not more than 30% of the Sub-Fund's Net Asset Value may in aggregate be invested in collective investment schemes which is either authorised by the SFC or are eligible schemes as defined in the Code, the Sub-Fund's investment in collective investment schemes which are non-eligible schemes and not authorised by the SFC may not in aggregate exceed 10% of its Net Asset Value.

The Sub-Fund may invest in financial derivative instruments ("FDIs") for hedging and investment purposes.

Up to 50% of the Sub-Fund's Net Asset Value may in aggregate be entered into securities lending, repurchase or reverse repurchase transactions and other similar over-the-counter

transactions. The Sub-Fund may borrow up to 10% of its Net Asset Value for the purpose of facilitating the creation or redemption of Units or defraying operating expenses or enabling the Manager to acquire securities for the account of the Sub-Fund.

The Sub-Fund will be subject to the investment restrictions in Chapter 7 of the Code.

Specific Risk Factors

Investors should refer to the relevant risks under the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum, and the following specific risk factors for the Sub-Fund.

Investment risk – The Sub-Fund's investment portfolio may fall in value due to any of the risk factors relevant to the Sub-Fund. Investors may suffer losses as a result.

Investors should be aware that investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in the underlying assets into which the Sub-Fund may invest. There can be no assurance that any appreciation in value of investments will occur. The Sub-Fund is not a bank deposit and there is no guarantee of repayment of principal.

Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective, there can be no assurance that these strategies will be successful. The Manager may not be successful in selecting the best-performing securities or investment techniques. Accordingly, there is a risk that investors may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of their initial investment.

Concentration risk regarding investment in money market instruments and debt securities **–** The Sub-Fund will invest primarily in money market instruments and debt securities. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy.

Risks associated with money market instruments and debt securities

Money market instruments risk – The Sub-Fund will invest significantly in money market instruments, which are not risk-free. Investing in these money market instruments or in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. As the Sub-Fund invests significantly in money market instruments which typically have short maturities, it means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund.

Credit/counterparty risk – Investment in money market instruments and debt securities is subject to the credit risk of the issuers which may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the issuers of the money market instruments and debt securities held by the Sub-Fund, valuation of the Sub-Fund's portfolio may become more difficult, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.

Changing market conditions or credit rating downgrades may also subject the Sub-Fund to increased liquidity risk as it may become more difficult for the Sub-Fund to dispose of its holdings of bonds at a reasonable price or at all.

Interest rate risk – Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

Credit rating and downgrading risk – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a debt security, money market instrument or its issuer may subsequently be downgraded based on recent market events or specific developments. For example, the credit rating of an issuer of a debt security or money market instrument may be subsequently downgraded as a result of deterioration of its financial conditions. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the debt securities or money market instrument that are being downgraded. For more details, please refer to "Credit rating downgrading risk" under the section headed "Risk Factors" in the main part of this Explanatory Memorandum.

Credit rating agency risk – The credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Sovereign debt risk – The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Valuation risk – Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.

Volatility and liquidity risk – The money market instruments and debt securities in the emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs and losses may be suffered.

Risks associated with bank deposits – Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund may also place deposits in non-resident accounts (NRA) and offshore accounts (OSA) with banks in the PRC. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

Eurozone and European country risk – The Sub-Fund may invest in the European Union (the "EU"). Investments in Europe may be subject to a number of risks arising from a recent financial crisis in Europe. In light of the ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the Sub-Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. While the governments of many European countries, the European Commission, the European Central Bank, the International Monetary Fund and other authorities are taking measures (such as undertaking economic reforms and imposing austerity measures on their citizens) to address the current fiscal conditions and concerns in Europe, these measures may not have the desired effect, and the future stability and growth of Europe is therefore uncertain. It is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the EU and/or that the Euro will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. It is also possible that the credit rating of a country or sovereign may be downgraded. The effect of such potential events on the Sub-Fund which invests in instruments tied to Europe is impossible to predict. The impact of the above adverse events may be significant and may adversely affect the value of Sub-Fund investing in securities issued by issuers based in or with substantial operations in Europe, and investors may suffer significant loss.

In a referendum held in June 2016, the United Kingdom (the "UK") electorate voted to leave the EU. On 31 January 2020, the UK has officially left the European Union. On 24 December 2020, the EU and the UK reached an agreement in principle on the EU-UK Trade and Cooperation Agreement. The future economic and political relationship between the UK and the EU (and between the UK and other countries) is uncertain, and a period of economic and political uncertainty is continuing in the UK, in the rest of the European Union and globally. The UK's exit from the EU is anticipated to result in regulatory changes, which may be

adverse to the Manager. The ultimate nature and extent of the impact of these events on the Sub-Fund are uncertain, but may be significant.

Other member states of the EU may also reconsider their EU membership. This could result in one or more other countries leaving the EU, or in major reforms or changes being made to the Eurozone. The nature and extent of the impact of any such changes on the Sub-Fund are uncertain, but may be significant.

Risks associated with PRC debt securities

General – Many of the PRC debt securities may be subject to greater risks because of generally reduced liquidity, greater price volatility and greater credit risk. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers who will generally be incorporated in the PRC and therefore not subject to the laws of Hong Kong.

The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Overview of Bond Connect – Bond Connect is an 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 ("**CFETS**"), China Central Depository & Clearing Co., Ltd ("**CCDCC**"), 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 ("**CIBM**") through the northbound trading of Bond Connect ("**Northbound Trading Link**"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the People's Bank of China ("**PBOC**") as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in Mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Securities Depository & Clearing Co., Ltd and Shanghai

Clearing House). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Risks associated with Bond Connect – Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Sub-Fund transacts in the CIBM, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an offshore custody agent, registration agents, or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the CIBM via Bond Connect is also subject to regulatory risks. The relevant rules and regulations on 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 CIBM, the Sub-Fund's ability to invest in the CIBM will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. The Sub-Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where Sub-Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

Taxation Risk – By investing in the CIBM, the Sub-Fund may be at risk of being subject to

PRC taxes. There is a possibility that the current tax laws, rules, regulations and practice in the PRC and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in the Sub-Fund. No PRC capital gains tax provision will be made regarding the investments in PRC debt securities by the Sub-Fund made via Bond Connect. For further details on PRC taxes and associated risks, please refer to the risk factor headed "**PRC tax considerations**" under the "**RISK FACTORS**" section.

PRC Sovereign Debt Risk – The Sub-Fund may invest in PRC sovereign debt securities and such investments involve special risks. The Chinese governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A Chinese governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the Chinese governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Chinese governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a Chinese governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the Chinese governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign debt. Holders of PRC sovereign debt, including the Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. As at the date of this Explanatory Memorandum, there is no bankruptcy proceeding by which sovereign debt on which a Chinese governmental entity has defaulted may be collected in whole or in part. The Sub-Fund's recourse against a defaulting sovereign is limited.

A lowering of the credit rating of the Chinese government may also affect the liquidity of sovereign bonds, making it more difficult to sell. In general, debt instruments that have a

lower credit rating or that are non-rated will be more susceptible to the credit risk of the issuers. In the event of a credit rating downgrade of the Chinese government, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.

Urban investment bonds risk – Urban investment bonds are issued by local government financing vehicles ("LGFVs"), such bonds are typically not guaranteed by local governments or the central government of Mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

Settlement risks – Settlement procedures in China are less developed and less reliable and may involve the Sub-Fund's delivery of Securities, or transfer of title to Securities, before receipt of payment for their sale. The Sub-Fund may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. The Sub-Fund may incur substantial losses if its counterparty fails to pay for Securities the Sub-Fund has delivered, or for any reason fails to complete its contractual obligations owed to the Sub-Fund. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of Securities. Such delays could result in substantial losses for the Sub-Fund if investment opportunities are missed or if the Sub-Fund is unable to acquire or dispose of a security as a result.

To the extent the Sub-Fund transacts in the CIBM, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. All trades settled through CCDCC are on delivery versus payment basis. If a counterparty defaults in delivering the securities, the trade may be cancelled and this may adversely affect the value of the Sub-Fund.

The Sub-Fund may invest in the Chinese bond market via the exchange market and all bond trades will be settled through the China Securities Depository and Clearing Co., Ltd (中國證券登記結算有限責任公司) (the "CSDCC"). If a counterparty defaults in payment or delivery obligation, a trade may be delayed and this may adversely affect the value of the Sub-Fund.

Risks of investing in other collective investment schemes – The Sub-Fund may invest in underlying funds to pursue its investment objective, and those underlying funds may not be regulated by the SFC. Further the Manager does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the

underlying funds will be successfully achieved which may have a negative impact to the Net Asset Value of the Sub-Fund.

The value of the shares or units of the underlying funds will take into account their fees and expenses, including fees (in some cases including performance fees) charged by their investment managers. Some underlying funds may also impose fees or levies which may be payable by the Sub-Fund when it subscribes to or redeems out of such underlying funds. Whilst the Manager will take the level of any such fees into account when deciding whether or not to invest, investors should nevertheless be aware that investing into underlying funds may involve another layer of fees, in addition to the fees charged by the Sub-Fund.

There is also no guarantee that the underlying funds the Sub-Fund invests in will have sufficient liquidity to meet the Sub-Fund's redemption requests. The Sub-Fund may therefore be subject to liquidity risk by investing in these underlying funds.

If the Sub-Fund invests in an underlying fund managed by the Manager or Connected Person of the Manager, all initial charges and redemption charges on these underlying funds must be waived, and the Manager, or any person acting on behalf of the Sub-Fund or the Manager, must not obtain rebate of any fees or charges levied by these underlying funds or its manager, or any quantifiable monetary benefits in connection with investments in any underlying funds. In case any conflict of interest may still arise out of such investments, the Manager will use its best endeavours to resolve it fairly.

Risks relating to hedging and currency hedged classes / derivatives risks – The Sub-Fund may invest in FDIs for hedging and investment purposes and in adverse situations its use of FDIs may become ineffective and/or cause the Sub-Fund to suffer significant losses. Risks relating to the use of FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in such FDI by the Sub-Fund for hedging or investment purposes. Such exposure may lead to a high risk of significant loss by the Sub-Fund.

Concentration risk in Asia-Pacific region and emerging market (including Mainland China) risk – The Sub-Fund will invest mainly in the Asia-Pacific region. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy.

The Sub-Fund invests in emerging markets (including Mainland China) which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a

high degree of volatility.

Renminbi currency risk – RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the Sub-Fund's or the investors' position may be adversely affected.

There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors convert HKD or any other currency into RMB so as to invest in the RMB class of Units and subsequently convert the RMB redemption proceeds back into HKD or any other currency, they may suffer a loss if RMB depreciates against HKD or such other currency. Where an investor subscribes for a class of Units denominated in RMB, the Manager may (where appropriate) convert such subscriptions into a non-RMB currency prior to investment at the applicable exchange rate and subject to the applicable spread. Where an investor redeems Units denominated in RMB, the Manager will sell the Sub-Fund's investments (which may be denominated in a non-RMB currency) and convert such proceeds into RMB at the applicable exchange rate and subject to the applicable spread.

Please note that currency conversion may also be subject to the availability of RMB at the relevant time which will affect the Sub-Fund's ability to convert proceeds into RMB, for example, the Sub-Fund may not have sufficient RMB to meet redemption requests from Unitholders in RMB denominated classes of Units, and the Sub-Fund may delay the payment of redemption proceeds under exceptional circumstances. It is also possible that the Sub-Fund may not have sufficient RMB for its investments.

Non-RMB based investors who invest in RMB denominated classes are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the RMB denominated classes of Units.

The RMB is traded in both the onshore and offshore markets. While both onshore RMB ("CNY") and offshore RMB ("CNH") represent the same currency, they are traded in different and separate markets which operate independently. Therefore CNY and CNH do not necessarily have the same exchange rate and their movement may not be in the same direction. Any divergence between CNH and CNY may adversely impact investors. In calculating the value of non-RMB denominated or settled assets and the prices of non-RMB classes, the Manager will normally apply the exchange rate for offshore RMB market in Hong Kong (the "CNH rate"). The CNH rate may be at a premium or discount to the

exchange rate for onshore RMB market in the Mainland China (the "CNY rate") and there may be significant bid and offer spreads. The value of the Sub-Fund thus calculated will be subject to fluctuation. There may also be significant trading costs incurred and investors investing in classes of Units denominated in RMB may suffer losses.

"Dim Sum" bond risk – The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the Net Asset Value of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

Convertible bonds risk – Convertible bonds are hybrid securities that may be exchanged for, converted into or exercised to acquire a predetermined number of shares of the issuer, generally at the option of the holder, during a specified time period. Convertible bonds have characteristics of, and hence are subject to the risks associated with, both debt and equity securities. Convertible bonds are similar to fixed income securities because they usually pay a fixed interest rate and are obligated to repay principal on a given date in the future. Similar to debt securities, they are sensitive to changes in interest rates and credit standing of the issuer particularly when their conversion value (which is the security's worth, at market value, if converted into the underlying shares) is lower than their investment value (which is determined by its yield in comparison with the yields of other comparable securities that do not have a conversion privilege). Convertible bonds also have characteristics similar to the equity securities and their prices are particularly sensitive to fluctuations in the price of the underlying shares when their conversion value approximates or exceeds their investment value. It should be noted, however, that some convertible bonds are callable by the issuer, which means that their potential to appreciate along with appreciation of the value of the underlying shares is limited. Investors should refer to the general risk factors relating to both fixed income securities (for example, interest rate risk and credit risk) and equity securities (for example, risks relating to price fluctuations of the underlying shares).

Risks associated with investments in LAPs – Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of certain pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

The Sub-Fund may invest in contingent convertible bonds, which are highly complex and are of high risk. Contingent convertible bonds are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible bonds will be converted into shares of the issuing company (potentially at a discounted price as a result of the deterioration in the financial condition of the issuing company), or cause the permanent write-down to zero of the principal investment and/or accrued interest such that the principal amount invested may be lost on a permanent or temporary basis. Contingent convertible bonds are risky and highly complex instruments. Coupon payments on contingent convertible bonds are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time.

Contingent convertible bonds are also subject to additional risks specific to their structure including:

Trigger level risk – Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Manager to anticipate the trigger events that would require the debt to convert into equity or the write down to zero of principal investment and/or accrued interest. Trigger events may include: (i) a reduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio or other ratios, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible bonds into equity or write down, in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital.

Coupon cancellation risk – Coupon payments on some contingent convertible bonds are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, contingent convertible bonds may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

Capital structure inversion risk – Contrary to the classic capital hierarchy, investors in contingent convertible bonds may suffer a loss of capital when equity holders will not, for example when the loss absorption mechanism of a high trigger/write down of a contingent convertible bond is activated. This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.

Call extension risk – Some contingent convertible bonds are issued as perpetual instruments and only callable at predetermined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual contingent convertible bonds will be called on a call date. Contingent convertible bonds are a form of permanent capital. The investor may not receive return of principal as expected on call date or indeed at any date.

Conversion risk – Trigger levels differ between specific contingent convertible bonds and determine exposure to conversion risk. It might be difficult at times for the Manager to assess how the contingent convertible bonds will behave upon conversion. In case of conversion into equity, the Manager might be forced to sell these new equity shares subject to the investment policy of the Sub-Fund. As a trigger event is likely to be an event which decreases the value of the issuer's common equity, a forced sale may result in the Sub-Fund experiencing loss.

Valuation and write-down risk – Contingent convertible bonds often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible bonds may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, the Sub-Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

Market value fluctuations due to unpredictable factors – The value of contingent convertible bonds is unpredictable and will be influenced by many factors including, without limitation (i) creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the contingent convertible bonds; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

Liquidity risk – In certain circumstances finding a buyer ready to invest in contingent convertible bonds may be difficult and the Sub-Fund may have to accept a significant discount to the expected value of the bond in order to sell it.

Sector concentration risk – Contingent convertible bonds are issued by banking and insurance institutions. Investment in contingent convertible bonds may lead to an increased sector concentration risk. The performance of the Sub-Fund which invests in contingent convertible

bonds will depend to a greater extent on the overall condition of the financial services industry than for the Sub-Fund following a more diversified strategy.

Subordinated instruments – Contingent convertible bonds will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the contingent convertible bonds, such as the Sub-Fund, against the issuer in respect of or arising under the terms of the contingent convertible bonds shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

Novelty and untested nature – The structure of contingent convertible bonds is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

Available Classes

The following classes of Units are available for sale in Hong Kong:

Class	Class Currency
Class A	USD
Class A	RMB (Hedged)
Class A	HKD (Hedged)
Class A	GBP (Hedged)
Class A	RMB (Unhedged)
Class A	HKD (Unhedged)
Class A	USD (Distribution)
Class A	RMB (Hedged) (Distribution)
Class A	RMB (Unhedged) (Distribution)
Class A	HKD (Unhedged) (Distribution)
Class B	USD
Class B	RMB (Hedged)

Class B	RMB (Unhedged)
Class B	HKD (Unhedged)
Class B	USD (Distribution)
Class B	RMB (Hedged) (Distribution)
Class B	RMB (Unhedged) (Distribution)
Class B	HKD (Unhedged) (Distribution)
Class C	USD
Class C	RMB (Hedged)
Class C	RMB (Unhedged)
Class C	HKD (Unhedged)
Class C	USD (Distribution)
Class C	RMB (Hedged) (Distribution)
Class C	RMB (Unhedged) (Distribution)
Class C	HKD (Unhedged) (Distribution)

The Manager accepts payment of subscription moneys in the class currency of the relevant Units.

Initial Offer Period

The Initial Offer Period of the Sub-Fund commenced at 9:00 a.m. (Hong Kong time) on 14 August 2023 and ended at 4:00 p.m. (Hong Kong time) on 31 August 2023 (or such other dates or times as the Manager may determine).

The initial Subscription Price for each class of Units is set out below:

Class	Class Currency	Initial Subscription Price
Class A	USD	USD 100
Class A	RMB (Hedged)	RMB 100
Class A	HKD (Hedged)	HKD 100
Class A	GBP (Hedged)	GBP 100

Class A	RMB (Unhedged)	RMB 100
Class A	HKD (Unhedged)	HKD 100
Class A	USD (Distribution)	USD 100
Class A	RMB (Hedged) (Distribution)	RMB 100
Class A	RMB (Unhedged) (Distribution)	RMB 100
Class A	HKD (Unhedged) (Distribution)	HKD 100
Class B	USD	USD 100
Class B	RMB (Hedged)	RMB 100
Class B	RMB (Unhedged)	RMB 100
Class B	HKD (Unhedged)	HKD 100
Class B	USD (Distribution)	USD 100
Class B	RMB (Hedged) (Distribution)	RMB 100
Class B	RMB (Unhedged) (Distribution)	RMB 100
Class B	HKD (Unhedged) (Distribution)	HKD 100
Class C	USD	USD 100
Class C	RMB (Hedged)	RMB 100
Class C	RMB (Unhedged)	RMB 100
Class C	HKD (Unhedged)	HKD 100
Class C	USD (Distribution)	USD 100
Class C	RMB (Hedged) (Distribution)	RMB 100
Class C	RMB (Unhedged) (Distribution)	RMB 100
Class C	HKD (Unhedged) (Distribution)	HKD 100

The Manager may decide not to issue any Units in the event that less than the equivalent of USD10,000,000 is raised during the Initial Offer Period or if the Manager is of the opinion that it is not commercially viable to proceed. In such event subscription monies paid by an applicant will be returned by cheque through post, by telegraphic transfer to the bank account from which the moneys originated, or by such other means as the Manager and the Trustee consider appropriate, at the applicant's risk (without interest and net of expenses) within 14 Business Days after the expiry of the Initial Offer Period.

Investment Minima

Minimum Initial Investment	Class A USD: USD 1 Class A RMB (Hedged): RMB 1 Class A HKD (Hedged): HKD 1 Class A GBP (Hedged): GBP 1 Class A RMB (Unhedged): RMB 1 Class A HKD (Unhedged): HKD 1 Class A USD (Distribution): USD 1 Class A RMB (Hedged) (Distribution): RMB 1 Class A RMB (Unhedged) (Distribution): RMB 1 Class A HKD (Unhedged) (Distribution): HKD 1 Class B USD: USD 1 Class B RMB (Hedged): RMB 1 Class B RMB (Unhedged): RMB 1 Class B HKD (Unhedged): HKD 1 Class B USD (Distribution): USD 1 Class B RMB (Hedged) (Distribution): RMB 1 Class B RMB (Unhedged) (Distribution): RMB 1 Class B HKD (Unhedged) (Distribution): HKD 1 Class C USD: USD 1 Class C RMB (Hedged): RMB 1 Class C RMB (Unhedged): RMB 1 Class C HKD (Unhedged): HKD 1 Class C USD (Distribution): USD 1 Class C RMB (Hedged) (Distribution): RMB 1 Class C RMB (Unhedged) (Distribution): RMB 1 Class C HKD (Unhedged) (Distribution): HKD 1
Minimum Subsequent Subscription Amount	Class A USD: USD 1 Class A RMB (Hedged): RMB 1 Class A HKD (Hedged): HKD 1 Class A GBP (Hedged): GBP 1 Class A RMB (Unhedged): RMB 1 Class A HKD (Unhedged): HKD 1 Class A USD (Distribution): USD 1 Class A RMB (Hedged) (Distribution): RMB 1 Class A RMB (Unhedged) (Distribution): RMB 1 Class A HKD (Unhedged) (Distribution): HKD 1

Class B USD: USD 1
Class B RMB (Hedged): RMB 1
Class B RMB (Unhedged): RMB 1
Class B HKD (Unhedged): HKD 1
Class B USD (Distribution): USD 1
Class B RMB (Hedged) (Distribution): RMB 1
Class B RMB (Unhedged) (Distribution): RMB 1
Class B HKD (Unhedged) (Distribution): HKD 1
Class C USD: USD 1
Class C RMB (Hedged): RMB 1
Class C RMB (Unhedged): RMB 1
Class C HKD (Unhedged): HKD 1
Class C USD (Distribution): USD 1
Class C RMB (Hedged) (Distribution): RMB 1
Class C RMB (Unhedged) (Distribution): RMB 1
Class C HKD (Unhedged) (Distribution): HKD 1

Minimum Holding Amount	Aggregate minimum value of Units held: Class A USD: USD 1 Class A RMB (Hedged): RMB 1 Class A HKD (Hedged): HKD 1 Class A GBP (Hedged): GBP 1 Class A RMB (Unhedged): RMB 1 Class A HKD (Unhedged): HKD 1 Class A USD (Distribution): USD 1 Class A RMB (Hedged) (Distribution): RMB 1 Class A RMB (Unhedged) (Distribution): RMB 1 Class A HKD (Unhedged) (Distribution): HKD 1 Class B USD: USD 1 Class B RMB (Hedged): RMB 1 Class B RMB (Unhedged): RMB 1 Class B HKD (Unhedged): HKD 1 Class B USD (Distribution): USD 1 Class B RMB (Hedged) (Distribution): RMB 1 Class B RMB (Unhedged) (Distribution): RMB 1 Class B HKD (Unhedged) (Distribution): HKD 1 Class C USD: USD 1 Class C RMB (Hedged): RMB 1

	Class C RMB (Unhedged): RMB 1 Class C HKD (Unhedged): HKD 1 Class C USD (Distribution): USD 1 Class C RMB (Hedged) (Distribution): RMB 1 Class C RMB (Unhedged) (Distribution): RMB 1 Class C HKD (Unhedged) (Distribution): HKD 1
Minimum Redemption Amount	Aggregate minimum value of Units redeemed: Class A USD: USD 1 Class A RMB (Hedged): RMB 1 Class A HKD (Hedged): HKD 1 Class A GBP (Hedged): GBP 1 Class A RMB (Unhedged): RMB 1 Class A HKD (Unhedged): HKD 1 Class A USD (Distribution): USD 1 Class A RMB (Hedged) (Distribution): RMB 1 Class A RMB (Unhedged) (Distribution): RMB 1 Class A HKD (Unhedged) (Distribution): HKD 1 Class B USD: USD 1 Class B RMB (Hedged): RMB 1 Class B RMB (Unhedged): RMB 1 Class B HKD (Unhedged): HKD 1 Class B USD (Distribution): USD 1 Class B RMB (Hedged) (Distribution): RMB 1 Class B RMB (Unhedged) (Distribution): RMB 1 Class B HKD (Unhedged) (Distribution): HKD 1 Class C USD: USD 1 Class C RMB (Hedged): RMB 1 Class C RMB (Unhedged): RMB 1 Class C HKD (Unhedged): HKD 1 Class C USD (Distribution): USD 1 Class C RMB (Hedged) (Distribution): RMB 1 Class C RMB (Unhedged) (Distribution): RMB 1 Class C HKD (Unhedged) (Distribution): HKD 1

Fees

Fees payable by investors

Preliminary Charge[#] (% of total subscription amount received)	Up to 3.0%
Redemption Charge[#] (% of Redemption Price)	Up to 3.0%
Switching Charge[#] (% of total amount being switched into)	Up to 3.0%

Fees payable by the Sub-Fund

Management Fee[#] (% Net Asset Value of each class of the Sub-Fund)	Class A: 0.10% p.a. Class B: 0.30% p.a. Class C: 0.60% p.a.
Trustee Fee[#] (% Net Asset Value of each class of the Sub-Fund)	up to 0.15% p.a.
Custody Fee[#] (% Net Asset Value of the Sub-Fund)	up to 0.03% p.a.
Performance Fee (% Net Asset Value of the Sub-Fund)	Nil

[#] Unitholders shall be given not less than 1 month's prior notice should the Management Fee, Trustee Fee, Custody Fee, Preliminary Charge, Switching Charge or Redemption Charge be increased from the current level up to the maximum level as disclosed in the main part of this Explanatory Memorandum.

Establishment Costs

The costs of establishment of the Sub-Fund have been described in the main part of the Explanatory Memorandum.

Dealing Day

Every Business Day.

Dealing Deadline

4:00 p.m. (Hong Kong time) on the relevant Dealing Day. The Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadline for receiving instructions for subscriptions, redemptions or switching. Investors should confirm the arrangements with the Authorised Distributor(s) concerned.

If an investor wishes to effect a subscription/redemption/switching on a Dealing Day, the application/order instructions must be received by the Trustee (via an authorized distributor or the Manager) no later than the Dealing Deadline as prescribed above. If it is related to subscription of Units, funds of relevant subscription payment must also be cleared no later than such Dealing Deadline.

For any Application/Order instruction and funds (if any) that is/are received by the Trustee after the Dealing Deadline, the relevant transaction will be dealt with on the next Dealing Day.

Subscription, Redemption and Switching of Units

Notwithstanding the description in the section "Purchase of Units" in the main part of the Explanatory Memorandum,

- applications will be accepted on a Dealing Day only if the application moneys have been received in cleared funds prior to the relevant Dealing Deadline for the relevant Dealing Day in relation to which Units are to be issued; and

- the Issue Price on any Dealing Day after the Initial Offer Period will be the Net Asset Value of the relevant class of Units of the Sub-Fund as at the Valuation Point in respect of the Dealing Day divided by the number of such class of Units then in issue, rounded down to 4 decimal places.

Notwithstanding the description in the section "Purchase of Units" in the main part of the Explanatory Memorandum, fractions of Units of the Sub-Fund may be issued rounded down to 4 decimal places.

Notwithstanding the description in the section "Redemption of Units" in the main part of the Explanatory Memorandum,

- redemption proceed will normally be paid as soon as practicable, and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for redemption of Units, unless the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as

foreign currency controls), rendering the payment of the redemption money within the aforesaid time period not practicable. In such case, the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s); and

- the Redemption Price on any Dealing Day shall be the price per Unit ascertained by dividing the Net Asset Value of the relevant class of the Sub-Fund as at the Valuation Point in respect of the Dealing Day by the number of such class of Units then in issue rounded down to 4 decimal places.

Any bank charges associated with the payment of redemption proceeds will be borne by the redeeming Unitholder.

Subject to the disclosure in this section, for details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under "Purchase of Units", "Redemption of Units" and "Switching between Classes".

Where the Sub-Fund does not have sufficient RMB, GBP or HKD, the Manager may pay the redemption proceeds for the RMB Unit class, GBP Unit class or HKD Unit class (as the case may be) in the base currency of the Sub-Fund or, in case of sizeable redemption requests for RMB Unit class, GBP Unit class or HKD Unit class (as the case may be), the Manager has the absolute discretion to delay any payment in respect of the redemption for a period not exceeding one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented redemption request.

Switching of Units

Switching of Units in one class to or from another class of the Sub-Fund in the same currency or a different currency is permitted. Switching of Units in the Sub-Fund to or from Units of another Sub-Fund of Ping An of China Select Investment Fund Series is permitted.

Distributions

For Class A USD, Class A RMB (Hedged), Class A HKD (Hedged), Class A GBP (Hedged) Class A RMB (Unhedged), Class A HKD (Unhedged), Class B USD, Class B RMB (Hedged), Class B RMB (Unhedged), Class B HKD (Unhedged), Class C USD, Class C RMB (Hedged), Class C RMB (Unhedged) and Class C HKD (Unhedged), no distribution will be made to Unitholders.

For all other classes, the Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. In the event that the Manager decides to make distribution of dividends, the distribution entitlements will be automatically re-invested in further Units of the Sub-Fund for the account of the Unitholder entitled to the distribution, unless instructions in writing to the contrary are received from the Unitholder at least 21 days prior to the relevant distribution date. There is no guarantee of regular distribution and if distribution is made, the amount being distributed. While it is the current intention of the Manager to make distributions out of the net income (the income net expenses), the Manager may at its discretion pay distributions out of the capital of the Sub-Fund or pay distributions out of gross income while charging/ paying all or part of the Sub-Fund's fees and expenses to/ out of the capital of the Sub-Fund. Where distributions are paid out of gross income, this will result in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital.

Compositions of the distributions (if any) (i.e. the relative amounts / percentages paid out of (i) net distributable income and (ii) capital) for the last 12 months would be made available by the Manager on request and also on the following website: https://asset.pingan.com.hk/en/PACSIF-PASF. Unitholders should be aware of the effects of making distributions out of capital and pay attention to the relevant risk disclosures as set under the sub-heading "Risks associated with distributions out of capital" under the section headed "Risk Factors" in the main part of the Explanatory Memorandum. The Manager may amend the distribution policy subject to SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

Valuation

The Valuation Day will be each Dealing Day and the Valuation Point is the close of business in the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the initial offer period.

APPENDIX IV – PING AN HONG KONG DOLLAR MONEY MARKET FUND

This Appendix comprises information in relation to Ping An Hong Kong Dollar Money Market Fund, a Sub-Fund of the Fund (the "Sub-Fund").

Base Currency

The base currency of the Sub-Fund is HKD.

Investment Objective and Policy

The Sub-Fund's objective is to invest in short-term deposits and high quality money market instruments. The Sub-Fund seeks to achieve a return in HKD in line with prevailing money market rates.

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its Net Asset Value) in HKD-denominated and settled short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations and financial institutions. The Sub-Fund may invest up to 30% of its Net Asset Value in non HKD-denominated short-term deposits and high quality money market instruments. The Manager will hedge non HKD-denominated investments into HKD in order to manage any material currency risk.

In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the instrument must be taken into account.

High quality money market instruments include debt securities, commercial papers, certificates of deposits and commercial bills. Debt securities invested by the Sub-Fund include but are not limited to government bonds, fixed and floating rate bonds.

The Sub-Fund will only invest in debt securities which (i) are rated investment grade or above or (ii) are issued/guaranteed by issuers/guarantors that are rated investment grade or above, by an independent rating agency, e.g. Fitch, Moody's, Standard and Poor's. A short-term debt security is considered investment grade if its credit rating is A-3 or higher by Standard & Poor's or F3 or higher by Fitch Ratings or P-3 or higher by Moody's or equivalent rating as rated by one of the international credit rating agencies. For short-term onshore China bonds, an investment grade rating is a minimum credit rating of AAA, as rated by one of the credit rating agencies in China. Short-term deposits (e.g. certificates of deposits) invested by the Sub-Fund will be issued by investment grade-rated banks or substantial financial institutions, as defined in the Code (i.e. an authorized institution as defined in section 2(1) of the Banking Ordinance

(Chapter 155 of Laws of Hong Kong) or a financial institution which is on an ongoing basis subject to prudential regulation and supervision, with a minimum net asset value of HK$2 billion or its equivalent in foreign currency).

The Manager will assess the liquidity profile of instruments based on, amongst other factors, time to cash, external liquidity classification, liquidation horizon, daily trading volume, price volatility and bid-ask spread of such instruments. Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

There is no specific geographical allocation of the country of issue of the high quality money market instruments or short-term deposits. Countries or regions in which the Sub-Fund may invest in include Hong Kong, mainland China (onshore and offshore markets), Singapore, the European Union (the "EU") and the United States. The Sub-Fund will invest not more than 40% of its Net Asset Value in emerging markets (including mainland China).

The Sub-Fund may invest up to 15% of its Net Asset Value in onshore mainland China debt securities, such as government bonds, policy bank bonds, negotiable certificates of deposits, via the mutual bond market access between Hong Kong and mainland China ("Bond Connect").

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other Public Securities, up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000 or its equivalent in HKD, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other Public Securities.

The Sub-Fund may borrow up to 10% of its latest available Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. The Sub-Fund may invest up to 5% of its Net Asset Value in urban investment bonds (城投債). Urban investment bonds are debt securities issued by Mainland local government financing vehicles ("LGFVs"). These LGFVs are separate legal entities established by local governments and/ or their affiliates to raise financing for public welfare investment or infrastructure projects. Such urban investment bonds would comply with Chapter 8.2(e) of the

Code and are (i) rated investment grade or above or (ii) issued/guaranteed by issuers/guarantors that are rated investment grade or above, by an independent rating agency or one of the credit rating agencies in China. The Sub-Fund will not invest in any convertible bonds or instruments with loss absorption features.

Other investments

The Sub-Fund may invest up to 10% of its Net Asset Value in money market funds authorised in Hong Kong by the SFC under Chapter 8.2 of the Code or regulated in other jurisdictions in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, which may include underlying funds managed by the Manager or a Connected Person of the Manager.

The Sub-Fund may invest up to 15% of its Net Asset Value in asset backed securities, such as mortgage backed securities. Such asset backed securities will be issued in regions such as mainland China, Hong Kong, Singapore or the United States, and will be rated investment grade or above.

The Sub-Fund may engage in reverse repurchase transactions (i.e. a transaction whereby the Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an pre-determined price in the future) provided that the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund.

The Sub-Fund may enter into sale and repurchase transactions for up to 10% of its Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses, provided that the amount of cash received by the Sub-Fund under sale and repurchase transactions may not in aggregate exceed 10% of its Net Asset Value. Sale and repurchase transactions are transactions where the Sub-Fund sells securities such as bonds for cash and simultaneously agrees to repurchase the securities from the counterparty at a pre-determined future date for a pre-determined price. Cash obtained in sale and repurchase transactions will not be re-invested.

For sale and repurchase transactions, the Manager will seek to appoint independent counterparties which are financial institutions subject to ongoing prudential regulation and supervision and approved by the Manager with credit rating of BBB- or above (by Moody's or Standard & Poor's, or any other equivalent ratings by recognised international credit rating agencies) or which are SFC-licensed corporations or are registered institutions with the Hong Kong Monetary Authority. Any incremental income generated will be credited to the account

of the Sub-Fund after deducting any fees charged by parties operating such transactions.

For the avoidance of doubt, the Sub-Fund will not (i) invest in any securities or other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such securities are regularly traded or (ii) make any short sales.

The Sub-Fund will not write any options. The Sub-Fund will enter into financial derivative instruments ("FDIs") for hedging purposes only.

The Sub-Fund will not enter into any securities lending transactions. If any of this changes in the future, prior approval of the SFC will be sought (if required) and not less than one month's notice will be provided to Unitholders before the Sub-Fund enters into any such transaction.

Specific Risk Factors

Investors should refer to the relevant risks under the section headed "**Risk Factors**" in the main part of the Explanatory Memorandum, and the following specific risk factors for the Sub-Fund.

Investment risk – · The Sub-Fund is an investment fund and not a bank deposit. The Sub-Fund's investment portfolio may fall in value due to any of the risk factors relevant to the Sub-Fund. Investors may suffer losses as a result.

The purchase of a Unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. The Sub-Fund does not guarantee repayment of principal and the Manager has no obligation to redeem the Units at the offer value. The Sub-Fund does not have a constant Net Asset Value. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Investors should be aware that investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in the underlying assets into which the Sub-Fund may invest. There can be no assurance that any appreciation in value of investments will occur. There is no guarantee of repayment of principal.

Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective, there can be no assurance that these strategies will be successful. The Manager may not be successful in selecting the best-performing securities or investment techniques. Accordingly, there is a risk that investors may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of their initial investment.

Concentration risk – The Sub-Fund will invest primarily in the HKD-denominated and settled short-term deposits and high quality money market instruments. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the HKD money markets.

Risks associated with short-term money market instruments and debt securities

Short-term money market instruments and debt securities risk – As the Sub-Fund invests significantly in short-term money market instruments and debt securities with short maturities, it means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term money market instruments and debt securities may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund.

Credit/counterparty risk – Investment in debt securities is subject to the credit risk of the issuers which may be unable or unwilling to make timely payments of principal and/or interest. In the event of a default or credit rating downgrading of the issuers of the short-term money market instruments and debt securities held by the Sub-Fund, valuation of the Sub-Fund's portfolio may become more difficult, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.

Fixed income instruments are offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of debt securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Changing market conditions or other significant events, such as credit rating downgrades affecting issuers or major financial institutions, may also pose valuation risk to the Sub-Fund as the value of the Sub-Fund's portfolio of short-term money market instruments and debt securities, including corporate bonds and commercial papers, may become more difficult or impossible to ascertain. In such circumstances, valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations as there is a possibility that independent pricing information may at times be unavailable. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may need to be adjusted and may be adversely affected. Such events or credit rating downgrades may also subject the Sub-Fund to increased liquidity risk as it may become more difficult for the Sub-Fund to dispose of its holdings of short-term money market instruments and debt securities at a reasonable price or at all.

Interest rate risk – Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of short-term money market instruments and debt securities rise when interest rates fall, whilst their prices fall when interest rates rise.

Sovereign debt risk – The Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Valuation risk – Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.

Asset backed securities risks – Asset backed securities may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Volatility and liquidity risk – The short-term money market instruments and debt securities in the emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

Credit rating and downgrading risk – Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The credit rating of a debt instrument or its issuer may subsequently be downgraded due to financial deterioration, high level of debt or liquidity issues in respect of the issuer. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the short-term money market instruments and debt instruments that are being downgraded. For more details, please refer to "Credit rating downgrading risk" under the section headed "Risk Factors" in the main part of this Explanatory Memorandum.

Risks associated with bank deposits – Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund may also place deposits in non-resident accounts (NRA) and offshore accounts (OSA) with banks in the PRC. The Sub-Fund's deposit may not

be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

Eurozone and European country risk – The Sub-Fund may invest in the EU. Investments in Europe may be subject to a number of risks arising from a recent financial crisis in Europe. In light of the ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the Sub-Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. While the governments of many European countries, the European Commission, the European Central Bank, the International Monetary Fund and other authorities are taking measures (such as undertaking economic reforms and imposing austerity measures on their citizens) to address the current fiscal conditions and concerns in Europe, these measures may not have the desired effect, and the future stability and growth of Europe is therefore uncertain. It is possible that a country may leave the Eurozone and return to a national currency, and as a result may leave the EU and/or that the Euro will cease to exist in its current form and/or lose its legal status in one or more countries in which it currently has such status. It is also possible that the credit rating of a country or sovereign may be downgraded. The effect of such potential events on the Sub-Fund which invests in instruments tied to Europe is impossible to predict. The impact of the above adverse events may be significant and may adversely affect the value of Sub-Fund investing in securities issued by issuers based in or with substantial operations in Europe, and investors may suffer significant loss.

In a referendum held in June 2016, the United Kingdom (the "UK") electorate voted to leave the EU. On 31 January 2020, the UK has officially left the European Union. On 24 December 2020, the EU and the UK reached an agreement in principle on the EU-UK Trade and Cooperation Agreement. The future economic and political relationship between the UK and the EU (and between the UK and other countries) is uncertain, and a period of economic and political uncertainty is continuing in the UK, in the rest of the European Union and globally. The UK's exit from the EU is anticipated to result in regulatory changes, which may be adverse to the Manager. The ultimate nature and extent of the impact of these events on the Sub-Fund are uncertain, but may be significant.

Other member states of the EU may also reconsider their EU membership. This could result in one or more other countries leaving the EU, or in major reforms or changes being made to the Eurozone. The nature and extent of the impact of any such changes on the Sub-Fund are uncertain, but may be significant.

Risks associated with PRC debt securities

General – Many of the PRC debt securities may be subject to greater risks because of generally reduced liquidity, greater price volatility and greater credit risk. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers who will generally be incorporated in the PRC and therefore not subject to the laws of Hong Kong.

The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Overview of Bond Connect – Bond Connect is an initiative which 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 ("**CFETS**"), China Central Depository & Clearing Co., Ltd ("**CCDCC**"), 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 ("**CIBM**") through the northbound trading of Bond Connect ("**Northbound Trading Link**"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible foreign investors are required to appoint the CFETS or other institutions recognised by the People's Bank of China ("**PBOC**") as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the China Securities Depository & Clearing Co., Ltd and Shanghai Clearing House). All bonds traded by eligible foreign investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

Risks associated with Bond Connect – Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that the Sub-Fund transacts in the CIBM, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via Bond Connect, the relevant filings, registration with PBOC and account opening have to be carried out via an offshore custody agent, registration agents, or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the CIBM via Bond Connect is also subject to regulatory risks. The relevant rules and regulations on 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 CIBM, the Sub-Fund's ability to invest in the CIBM will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. The Sub-Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where Sub-Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

Taxation Risk – By investing in the CIBM, the Sub-Fund may be at risk of being subject to PRC taxes. There is a possibility that the current tax laws, rules, regulations and practice in the PRC and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in the Sub-Fund. For further details on PRC taxes and associated risks, please refer to the risk factor headed "**PRC tax considerations**" under the "**RISK FACTORS**" section.

PRC Sovereign Debt Risk – The Sub-Fund may invest in PRC sovereign debt securities and such investments involve special risks. The Chinese governmental entity that controls the

repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A Chinese governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the Chinese governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Chinese governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a Chinese governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the Chinese governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign debt. Holders of PRC sovereign debt, including the Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. As at the date of this Explanatory Memorandum, there is no bankruptcy proceeding by which sovereign debt on which a Chinese governmental entity has defaulted may be collected in whole or in part. The Sub-Fund's recourse against a defaulting sovereign is limited.

A lowering of the credit rating of the Chinese government may also affect the liquidity of sovereign bonds, making it more difficult to sell. In general, debt instruments that have a lower credit rating or that are non-rated will be more susceptible to the credit risk of the issuers. In the event of a credit rating downgrade of the Chinese government, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.

Urban investment bonds risk – Urban investment bonds are issued by LGFVs, such bonds are typically not guaranteed by local governments or the central government of Mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

Settlement risks – Settlement procedures in China are less developed and less reliable and may involve the Sub-Fund's delivery of Securities, or transfer of title to Securities, before

receipt of payment for their sale. The Sub-Fund may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. The Sub-Fund may incur substantial losses if its counterparty fails to pay for Securities the Sub-Fund has delivered, or for any reason fails to complete its contractual obligations owed to the Sub-Fund. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of Securities. Such delays could result in substantial losses for the Sub-Fund if investment opportunities are missed or if the Sub-Fund is unable to acquire or dispose of a security as a result.

To the extent the Sub-Fund transacts in the CIBM in China, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. All trades settled through CCDCC are on delivery versus payment basis. If a counterparty defaults in delivering the securities, the trade may be cancelled and this may adversely affect the value of the Sub-Fund.

The Sub-Fund may invest in the Chinese bond market via the exchange market and all bond trades will be settled through the China Securities Depository and Clearing Co., Ltd (中國證券登記結算有限責任公司) (the "CSDCC"). If a counterparty defaults in payment or delivery obligation, a trade may be delayed and this may adversely affect the value of the Sub-Fund.

Risks of investing in other collective investment schemes – The Sub-Fund may invest in underlying funds to pursue its investment objective, and those underlying funds may not be regulated by the SFC. Further the Manager does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the Net Asset Value of the Sub-Fund.

The value of the shares or units of the underlying funds will take into account their fees and expenses, including fees (in some cases including performance fees) charged by their investment managers. Some underlying funds may also impose fees or levies which may be payable by the Sub-Fund when it subscribes to or redeems out of such underlying funds. Whilst the Manager will take the level of any such fees into account when deciding whether or not to invest, investors should nevertheless be aware that investing into underlying funds may involve another layer of fees, in addition to the fees charged by the Sub-Fund.

There is also no guarantee that the underlying funds the Sub-Fund invests in will have sufficient liquidity to meet the Sub-Fund's redemption requests. The Sub-Fund may therefore be subject to liquidity risk by investing in these underlying funds.

If the Sub-Fund invests in an underlying fund managed by the Manager or Connected Person of the Manager, all initial charges and redemption charges on these underlying funds must be waived, and the Manager, or any person acting on behalf of the Sub-Fund or the Manager, must not obtain rebate of any fees or charges levied by these underlying funds or its manager, or any quantifiable monetary benefits in connection with investments in any underlying funds. In case any conflict of interest may still arise out of such investments, the Manager will use its best endeavours to resolve it fairly.

Risks associated with FDI – Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/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. The Sub-Fund may invest in derivatives for hedging purposes and in adverse situations its use of FDIs may become ineffective and/or cause the Sub-Fund to suffer significant losses.

Renminbi currency risk – RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the Sub-Fund's or the investors' position may be adversely affected.

There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors convert HKD or any other currency into RMB so as to invest in the RMB class of Units and subsequently convert the RMB redemption proceeds back into HKD or any other currency, they may suffer a loss if RMB depreciates against HKD or such other currency. Where an investor subscribes for a class of Units denominated in RMB, the Manager may (where appropriate) convert such subscriptions into a non-RMB currency prior to investment at the applicable exchange rate and subject to the applicable spread. Where an investor redeems Units denominated in RMB, the Manager will sell the Sub-Fund's investments (which may be denominated in a non-RMB currency) and convert such proceeds into RMB at the applicable exchange rate and subject to the applicable spread.

Please note that currency conversion may also be subject to the availability of RMB at the relevant time which will affect the Sub-Fund's ability to convert proceeds into RMB, for example, the Sub-Fund may not have sufficient RMB to meet redemption requests from Unitholders in RMB denominated classes of Units, and the Sub-Fund may delay the payment of redemption proceeds under exceptional circumstances. It is also possible that the Sub-Fund may not have sufficient RMB for its investments.

Non-RMB based investors who invest in RMB denominated classes are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency will not depreciate. Any depreciation of RMB could adversely affect the value of investors' investment in the RMB denominated classes of Units.

The RMB is traded in both the onshore and offshore markets. While both onshore RMB ("CNY") and offshore RMB ("CNH") represent the same currency, they are traded in different and separate markets which operate independently. Therefore CNY and CNH do not necessarily have the same exchange rate and their movement may not be in the same direction. Any divergence between CNH and CNY may adversely impact investors. In calculating the value of non-RMB denominated or settled assets and the prices of non-RMB classes, the Manager will normally apply the exchange rate for offshore RMB market in Hong Kong (the "CNH rate"). The CNH rate may be at a premium or discount to the exchange rate for onshore RMB market in the PRC (the "CNY rate") and there may be significant bid and offer spreads. The value of the Sub-Fund thus calculated will be subject to fluctuation. There may also be significant trading costs incurred and investors investing in classes of Units denominated in RMB may suffer losses.

Available Classes

The following classes of Units are available for sale in Hong Kong:

Class	Class Currency
Class P	USD
Class P	HKD
Class P	RMB
Class M	USD
Class M	HKD
Class M	RMB
Class I	USD
Class I	HKD
Class I	RMB

The Manager accepts payment of subscription moneys in the class currency of the relevant Units.

Initial Offer Period

The Initial Offer Period of the Sub-Fund will commence at 9:00 a.m. (Hong Kong time) on 20 March 2024 and will end at 4:00 p.m. (Hong Kong time) on 2 April 2024 (or such other dates or times as the Manager may determine).

The initial Subscription Price for each class of Units is set out below:

Class	Class Currency	Initial Subscription Price
Class P	USD	USD100
Class P	HKD	HKD100
Class P	RMB	RMB100
Class M	USD	USD 100
Class M	HKD	HKD100
Class M	RMB	RMB100
Class I	USD	USD100
Class I	HKD	HKD100
Class I	RMB	RMB100

The Manager may decide not to issue any Units in the event that less than the equivalent of HKD 50,000,000 is raised during the Initial Offer Period or if the Manager is of the opinion that it is not commercially viable to proceed. In such event subscription monies paid by an applicant will be returned by cheque through post, by telegraphic transfer to the bank account from which the moneys originated, or by such other means as the Manager and the Trustee consider appropriate, at the applicant's risk (without interest and net of expenses) within 14 Business Days after the expiry of the Initial Offer Period.

Investment Minima

Minimum Initial Investment	Class P USD: USD 1 Class P HKD: HKD 1 Class P RMB: RMB 1 Class M USD: USD 1 Class M HKD: HKD 1 Class M RMB: RMB 1 Class I USD: USD 1 Class I HKD: HKD 1 Class I RMB: RMB 1

Minimum Subsequent Subscription Amount	Class P USD: USD 1 Class P HKD: HKD 1 Class P RMB: RMB 1 Class M USD: USD 1 Class M HKD: HKD 1 Class M RMB: RMB 1 Class I USD: USD 1 Class I HKD: HKD 1 Class I RMB: RMB 1
Minimum Holding Amount	Aggregate minimum value of Units held: Class P USD: USD 1 Class P HKD: HKD 1 Class P RMB: RMB 1 Class M USD: USD 1 Class M HKD: HKD 1 Class M RMB: RMB 1 Class I USD: USD 1 Class I HKD: HKD 1 Class I RMB: RMB 1
Minimum Redemption Amount	Aggregate minimum value of Units redeemed: Class P USD: USD 1 Class P HKD: HKD 1 Class P RMB: RMB 1 Class M USD: USD 1 Class M HKD: HKD 1 Class M RMB: RMB 1 Class I USD: USD 1 Class I HKD: HKD 1 Class I RMB: RMB 1

Fees

Fees payable by investors

Preliminary Charge[#]	Up to 3.0% for each class

(% of total subscription amount received)	
Redemption Charge[#] (% of Redemption Price)	Nil
Switching Charge[#] (% of total amount being switched into)	Up to 3.0%
Fees payable by the Sub-Fund	
Management Fee[#] (% Net Asset Value of each class of the Sub-Fund)	**Class P**: 0.30% p.a. **Class M**: 0.60% p.a. **Class I**: 0.10% p.a.
Trustee Fee[#] (% Net Asset Value of each class of the Sub-Fund)	up to 0.075% p.a. and subject to a monthly minimum fee of up to HKD31,500
Custody Fee[#] (% Net Asset Value of the Sub-Fund)	up to 0.0225% p.a.
Performance Fee (% Net Asset Value of the Sub-Fund)	Nil

[#] Unitholders shall be given not less than 1 month's prior notice should the Management Fee, Trustee Fee, Custody Fee, Switching Fee, Subscription Fee or Redemption Charge be increased from the level as disclosed in this section up to the maximum level as disclosed in the main part of this Explanatory Memorandum.

Establishment Costs

The costs of establishment of the Sub-Fund have been described in the main part of the Explanatory Memorandum.

Dealing Day

Every Business Day.

Dealing Deadline

12:00 noon (Hong Kong time) on the relevant Dealing Day. The Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadline for receiving instructions for subscriptions, redemptions or switching. Investors should confirm the arrangements with the Authorised Distributor(s) concerned. If any application is received after the Dealing Deadline in respect of a Dealing Day, then the application will be deemed to have been received on the Dealing Day next following such receipt unless the Manager in its absolute discretion determines that the application is deemed received on the original Dealing Day.

Subscription, Redemption and Switching of Units

Notwithstanding the description in the section "Purchase of Units" in the main part of the Explanatory Memorandum,

- applications will be accepted on a Dealing Day only if application moneys have been received in cleared funds on or prior to the Dealing Deadline on the relevant Dealing Day in relation to which Units are to be issued (and during the Initial Offer Period, prior to the end of the Initial Offer Period); and

- the Issue Price on any Dealing Day after the Initial Offer Period will be the Net Asset Value of the relevant class of Units of the Sub-Fund as at the Valuation Point in respect of the Dealing Day divided by the number of such class of Units then in issue, rounded down to 4 decimal places.

Notwithstanding the description in the section "Purchase of Units" in the main part of the Explanatory Memorandum, fractions of Units of the Sub-Fund may be issued rounded down to 4 decimal places.

Notwithstanding the description in the section "Redemption of Units" in the main part of the Explanatory Memorandum,

- redemption proceed will normally be paid as soon as practicable, and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for redemption of Units, unless the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls), rendering the payment of the redemption money within the aforesaid time period not practicable. In such case, the

extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s); and

- the Redemption Price on any Dealing Day shall be the price per Unit ascertained by dividing the Net Asset Value of the relevant class of the Sub-Fund as at the Valuation Point in respect of the Dealing Day by the number of such class of Units then in issue rounded down to 4 decimal places.

Any bank charges associated with the payment of redemption proceeds will be borne by the redeeming Unitholder.

Subject to the disclosure in this section, for details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under "Purchase of Units", "Redemption of Units" and "Switching between Classes".

Where the Sub-Fund does not have sufficient RMB or USD, the Manager may pay the redemption proceeds for RMB Unit classes or USD Unit classes in the base currency of the Sub-Fund or, in case of sizeable redemption requests for RMB Unit classes, the Manager has the absolute discretion to delay any payment in respect of the redemption for a period not exceeding one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented redemption request.

Switching of Units

Switching of Units in one class to or from another class of the Sub-Fund in the same currency or a different currency is permitted. Switching of Units in the Sub-Fund to or from Units of another Sub-Fund of Ping An of China Select Investment Fund Series is permitted.

Distributions

Currently, it is not envisaged that any distributions will be paid in respect of the any of the available classes. Therefore any net income and net capital gains in respect of each available class will be reinvested, and will be reflected in the relevant Net Asset Value per Unit.

The Manager may amend the distribution policy subject to SFC's prior approval (if required) and by not giving less than one month's prior notice to Unitholders.

Valuation

The Valuation Day will be each Dealing Day and the Valuation Point is 12:00 noon (Hong Kong time) on each Valuation Day, the first Valuation Day being the first Dealing Day following the initial offer period.