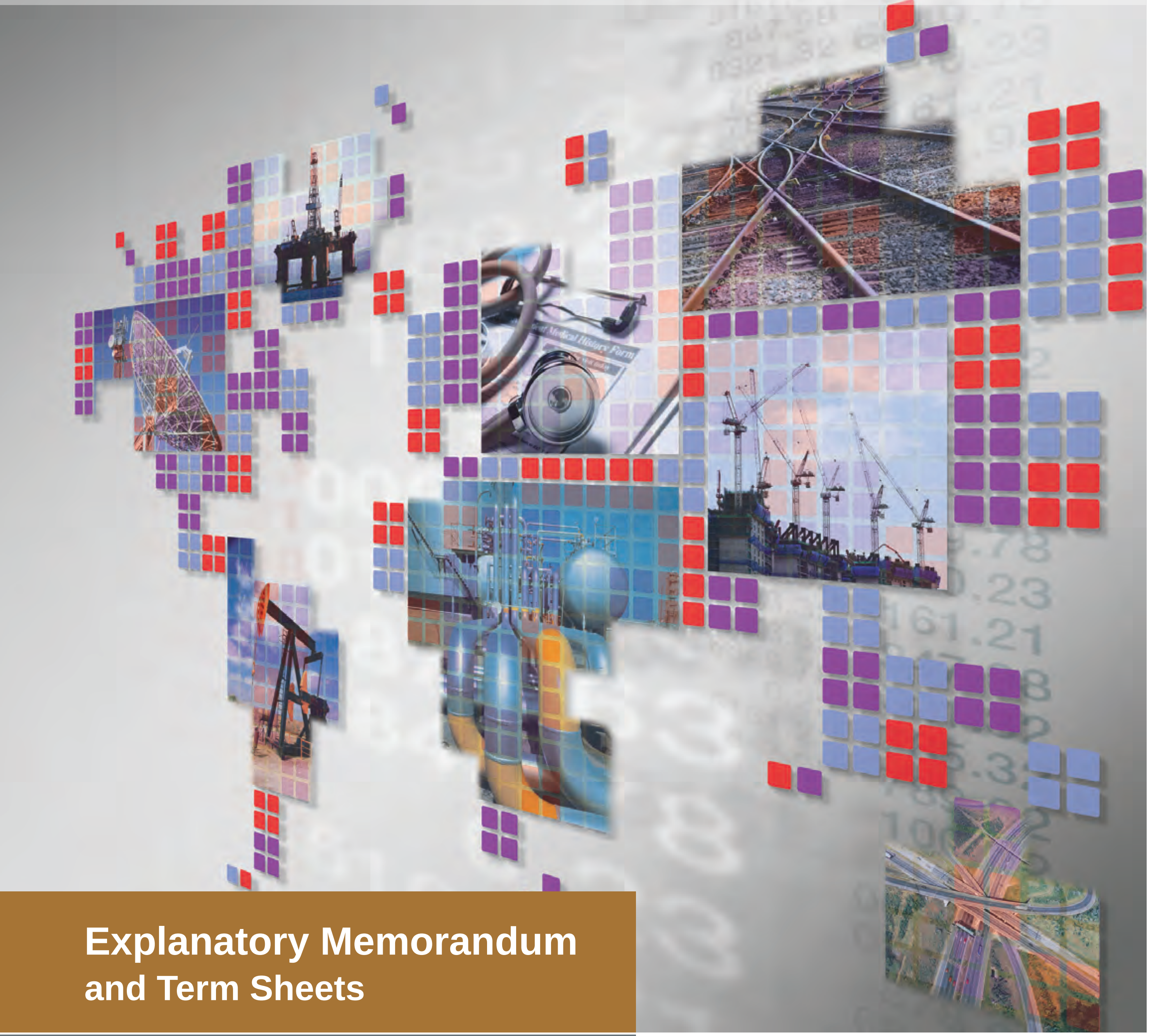
BOCIP ASSET MANAGEMENT INVESTMENT FUNDS



Explanatory Memorandum and Term Sheets

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Fund Manager:

中銀國際
BOC INTERNATIONAL

PRUDENTIAL
保誠集團

中銀保誠資產管理
BOCI-Prudential Asset Management

基 金 投 資 服 務
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中銀保誠資產管理投資基金

Addendum to the Explanatory Memorandum

IMPORTANT: This Addendum is supplemental to and forms part of the Explanatory Memorandum for the BOCIP Asset Management Investment Funds dated 29 December 2022 and the First to Fourteenth Term Sheets all dated 29 December 2022 (collectively, the "Explanatory Memorandum"). Unless otherwise defined herein, words and expressions defined in the Explanatory Memorandum shall have the same meaning when used in this Addendum.

If you are in doubt about the contents of the Explanatory Memorandum and this Addendum, you should seek your independent professional financial advice.

The Securities and Futures Commission of Hong Kong takes no responsibility for the accuracy of any of the statements made or opinions expressed in this Addendum.

A. The Explanatory Memorandum is hereby supplemented, with immediate effect, as follows:

1. Under the section headed "PARTIES" on page 1,

   (i) the list of directors of the Manager is amended and restated as follows:

   "**Directors of the Manager**
   Liu Min
   Tse Yung Hoi
   Qi Wenqing
   Lee Yui Leung
   Yeo Whay Nee
   Lim Wendy Hwee Ching"

   (ii) the sub-heading "Trustee and Registrar" shall be renamed as "Custodian, Trustee and Registrar".

2. Under the section headed "IMPORTANT INFORMATION FOR INVESTORS",

   (i) the fifth and sixth paragraphs on page i shall be deleted in its entirety and replaced with the following:

   "In particular:

   (a) Units in the Fund have not been registered under the US 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 US, 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) ("US Person under Regulation S").

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

   (c) Units in the Fund may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An "ERISA Plan" is any retirement plan subject to Title 1 of the US Employee Retirement Income Securities Act of 1974, as amended; or any individual retirement account plan subject to section 4975 of the US Internal Revenue Code of 1986, as amended ("IRC").

   The Manager shall have the power to impose such restrictions and take such actions as the Manager may think appropriate for the purpose of ensuring that no Units are acquired or held by an Unqualified Person (as defined in the "Definitions" section on page 4). Such actions may include (but are not limited to) refusing new subscriptions from an Unqualified Person, compelling mandatory redemptions of Units held directly, beneficially, or indirectly by an Unqualified Person, and deducting or withholding such amounts from the redemption proceeds as may be required for compliance purposes, provided that any action so taken shall not be prohibited by applicable laws and regulations.

The Manager has the power in its discretion to declare that a group or category of persons shall be considered as Unqualified Persons."

(ii) the existing paragraph under the sub-section headed "US Person Restrictions" on page i is amended and restated as follows:

"The Manager has declared that Reportable Persons under FATCA (as defined in the "FATCA" sub-section) and US Persons under Regulation S are Unqualified Persons who are not permitted to own Units."

(iii) the sub-section headed "What is Foreign Account Tax Compliance Act (FATCA)?" on page i shall be renamed as "Foreign Account Tax Compliance Act ("FATCA")", and all paragraphs thereunder on pages i to ii shall be deleted in their entirety and replaced with the following:

"The US enacted FATCA in 2010. FATCA requires Foreign Financial Institutions ("**FFIs**") to report details of Specified US Persons (as defined below) holding or controlling offshore financial assets to the US Internal Revenue Services (the **"IRS"**). Since 1 July 2014, FFIs that do not comply with FATCA may be subject to US withholding tax of 30% on certain income from US investments and on their gross proceeds from US investments and also potentially revenues from other non-US investments ("**FATCA Withholding**").

In 2014, the government of Hong Kong and the US signed a Model 2 Intergovernmental Agreement ("**IGA**") for implementation of the FATCA by FFIs in Hong Kong.

The Sub-Funds are FFIs in Hong Kong. They must comply with the provisions of FATCA under the IGA, including the requirements to conduct due diligence and obtain certain information from their Unitholders in order to ascertain their US tax status. Each and every Sub-Fund is a Registered Deemed-Compliant FFI (within the meaning of the IGA), which means that a sponsoring entity performs all of the Sub-Funds' FATCA obligations, including due diligence, withholding, reporting and other requirements. The sponsoring entity shall have all the powers and rights of the Sub-Funds in relation to carrying out the Sub-Funds' obligations under FATCA. All references to the Sub-Funds in relation to FATCA in this Explanatory Memorandum shall include the sponsoring entity.

If a Unitholder (or a controlling person of certain entity Unitholder) is a Specified US Person (as defined below in this section), the Sub-Funds will report information of this person to the IRS.

Additional information may be required by the Sub-Funds, the Manager, the Custodian, their agents or service providers from Unitholders and controlling persons of certain entity Unitholders in order to comply with the Sub-Funds' obligations under FATCA. The applicable FATCA rules may change. Unitholders should contact their own tax advisers regarding the application of FATCA to their particular circumstances. For further information of FATCA you can visit the IRS website at www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca. This website has not been reviewed by the SFC.

A "**Reportable Person under FATCA**" is defined as follows:

1. A Specified US Person within the meaning of the IGA and the Treasury Regulations under the FATCA as set forth in Sections 1471 through 1474 of the IRC. Subject to some exceptions, this term generally includes any US Person as defined in Section 7701(a) (30) of the IRC and the regulations thereunder, including a US citizen or resident individual, a partnership or corporation organized in the United States or under the laws of the United States or any state thereof, and a US domestic trust.

2. A Passive Non-Financial Foreign Entity ("**Passive NFFE**") with Controlling Persons (within the meaning of the IGA) who are "Specified US Person(s)".

   In addition, accounts held by non-participating financial institutions shall be treated as accounts for which aggregate payments are required to be reported under an FFI Agreement.

If Unitholders are in any doubt as to their status as Reportable Persons under FATCA, they should consult their legal or taxes adviser.

If, subsequent to a Unitholder's investment, the Unitholder becomes a Specified US Person or any other Unqualified Person holds Units, such Unitholder will (i) be restricted from making any additional subscriptions and (ii) as soon as practicable have its Units compulsorily redeemed (subject to the requirements of applicable law). Please see the "Compulsory Redemptions under Certain Circumstances" sub-section below for more information.

The Sub-Funds may:

(a) completely redeem the holding of a Unitholder (at any time upon any or no notice) ; or

(b) reject an investor's application for subscription of Units; or

(c) withhold on amounts otherwise distributable to a Unitholder; or

(d) compel a Unitholder to sell his or her or its interest

if the Unitholder fails to provide the Sub-Funds with the necessary information upon request to satisfy relevant requirements under any applicable local or foreign laws and regulations issued by regulatory or governmental authorities of relevant jurisdiction, including but not limited to FATCA and AEOI (as defined in the "AEOI" sub-section) obligations.

To comply with FATCA, the Sub-Funds will disclose to the IRS the name, address, taxpayer identification number and financial account information, and other information as required under FATCA relating to any Specified US Persons who own or control, either directly or indirectly through a Passive NFFE, an interest in reportable financial accounts.

Potential applicants for Units in the Sub-Funds should consult with their own tax advisors regarding (a) the possible tax consequences including but not limited to the possible implications of FATCA on them and the Sub-Funds, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries / regions of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units in the Sub-Funds.

Investors should not treat the contents of this Explanatory Memorandum as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers in advance of any acquisition, holding or disposal of Units. "

(iv) the sub-section headed "Intergovernmental Agreement ("IGA")" on pages ii to iii shall be deleted in its entirety;

(v) the sub-section headed "Automatic Exchange of Financial Account Information" on page iii shall be renamed as "Automatic Exchange of Financial Account Information ("AEOI")", and the first to seventh paragraphs thereunder on pages iii to iv shall be deleted in their entirety and replaced with the following:

"For the purposes herein, "AEOI" includes:

(a) the Organisation for Economic Co-operation and Development ("**OECD**") Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard (the "**CRS**") and any associated guidance;

(b) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between the Hong Kong government (or any government body in Hong Kong) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in (a) above; and

(c) any legislation, regulations or guidance in Hong Kong that give effect to the matters outlined in (a) to (b) above.

Under the Inland Revenue Ordinance (Cap.112) (**"IRO"**), reporting financial institutions ("**FIs**") resident in Hong Kong including the Sub-Funds must collect information relating to residents of reportable jurisdiction holding financial accounts, report such information to the Hong Kong Inland Revenue Department (**"IRD"**), which will share such information with the jurisdiction(s) in which the relevant account holder are resident for tax purpose. Further information about AEOI is available on the IRD website (www.ird.gov.hk/eng/tax/dta_aeoi.htm). This website has not been reviewed by the SFC.

The Sub-Funds must comply with the requirements of AEOI in Hong Kong, which means that Sub-Funds and/or the Manager, the Trustee and their associated or affiliated companies, connected persons, delegates, contractors, authorised agents or service providers (collectively, the "**Relevant Agents**") shall conduct the required due diligence obligations and report to the IRD information of reportable account holder and controlling persons.

AEOI rules as implemented by Hong Kong require the Sub-Funds to, amongst other things: (i) register the Sub-Funds' status as an FI with the IRD; (ii) conduct due diligence on its accounts (i.e. the Units) to identify whether any such accounts are considered Reportable Accounts (as defined in Section 50A of the IRO), which are held or controlled by Reportable Persons (as defined in Section 50A of the IRO) for AEOI purposes; and (iii) report to the IRD the information of such Reportable Persons and Reportable Accounts. The IRD will transmit information of Reportable Persons and Reportable Accounts to the government authorities of the relevant jurisdictions with which Hong Kong has entered into an AEOI exchange relationship. Information including (but not limited to) Reportable Persons' name, date of birth, place of birth, address, jurisdiction of residence, taxpayer identification number, account details, account balance/value, and income or sale or redemption proceeds, will be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions of tax residence.

By investing in the Sub-Funds or continuing to invest in the Sub-Funds, the Unitholders acknowledge that they may be required to provide additional information to the Sub-Funds and/or the Relevant Agents.

The failure of a Unitholder to provide any requested information may result in the Manager and/or the Relevant Agents taking any action and/or pursue remedies at their disposal including, without limitation, reporting the relevant account information of the Unitholder pursuant to the AEOI rules, refusing new subscriptions from the Unitholder, compelling mandatory redemptions of Units held by the Unitholder, and deducting or withholding such amounts from the redemption proceeds as may be required for compliance purposes, provided that any action so taken shall not be prohibited by law."

(vi) Item (b) in the first paragraph under the sub-section headed "Personal Data or Confidential Information" on pages iv to v shall be amended and restated as follow:

"(b) in compliance with any applicable law, regulation, statute, ordinance, rule, judgment, decree, code, guidelines, directive, circulars, sanctions regime, court order issued by other regulatory authorities of relevant jurisdiction, exchange or market, whether legal, regulatory, governmental, tax, law enforcement, self-regulatory, industry or others which apply in respect of the Fund and/or the Sub-Funds or the Unitholders' investments and/or bind or apply to the Relevant Agents from time to time or any agreement with any tax or fiscal authority in any jurisdiction and meeting any demands, disclosure, notification or reporting requirements to which any recipient of the data is subject under the applicable laws and regulations, including but not limited to compliance with obligations pursuant to the FATCA and AEOI, verifying the identity of a Unitholder or establishing whether a Unitholder is a Reportable Person under FATCA or a Reportable Person for AEOI purposes, and compliance with reporting or other obligations imposed by the US, Hong Kong or any other jurisdiction (including under AEOI), including reporting obligations that may be imposed by future legislation (collectively, the "**Regulatory Requirements**");"

3. Under the section headed "DEFINITIONS", the definition of "Unqualified Person" on page 4 shall be amended and restated as follows:

"**"Unqualified Person"** means:

(a) a person who by virtue of any law or requirement of any country/region or governmental authority is not qualified to hold a Unit or who would be in breach of any such law or regulation in acquiring or holding a Unit or if, in the opinion of the Manager, the holding of a Unit by such person might result in the Fund and/or the Sub-Funds incurring any liability to taxation or suffering a pecuniary disadvantage which the Fund and/or the Sub-Funds might not otherwise have incurred or suffered, or might result in the Fund, the Sub-Funds, the Manager or the Trustee or any of their connected persons being exposed to any liability, penalty or regulatory action;

(b) any person if the holding of a Unit by such person might, due to any circumstances whether directly affecting such person and whether relating to such person alone or to any other person in conjunction therewith (whether such persons are connected or not), in the opinion of the Manager, result in the Fund and/or the Sub-Funds incurring any liability to taxation or suffering a pecuniary disadvantage which the Fund and/or the Sub-Funds might not otherwise have incurred or suffered, or in the Fund, the Sub-Funds, the Manager or the Trustee or any of their connected persons being exposed to any liability, penalty or regulatory action; or

(c) any person who is a member of a group or category of persons the Manager declared as Unqualified Persons;"

4. Under the sub-section headed "Risk Factors" under the section headed "RISK FACTORS AND RISK MANAGEMENT POLICIES",

(i) the first paragraph under the risk factor "(z) Risks relating to obligations to comply with AEOI" on page 9 shall be amended and restated as follows:

"The Unitholders shall be required to, (i) upon demand by the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Manager that is necessary for the Sub-Funds to satisfy reporting or other obligations under AEOI or to satisfy any obligations relating to any applicable laws and regulations or any agreements with any tax or fiscal authority in any jurisdictions to which AEOI is applicable, (ii) update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) otherwise comply with any reporting obligations imposed under AEOI, including reporting obligations that may be imposed by future legislation. The information provided by the Unitholders may be communicated by the IRD to authorities in other jurisdictions."

(ii) all paragraphs under the risk factor "(aa) Risks relating to obligations under FATCA Regulations" on pages 9 to 10 shall be deleted in their entirety and replaced with the following:

"The Unitholders shall be required to, (i) upon demand by the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Manager that is necessary for the Sub-Funds (A) to prevent withholding (including, without limitation, any withholding taxes required under FATCA as more particularly described in paragraph (bb) below) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which Sub-Funds receive payments, and/or (B) to satisfy reporting or other obligations under the IRC and the United States Treasury Regulations promulgated under the IRC, or to satisfy any obligations relating to any applicable laws and regulations or any agreements with any tax or fiscal authority in any jurisdictions, (ii) update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) otherwise comply with any reporting obligations imposed under the FATCA regulations.

If the Unitholder or an intermediary through which it holds interest in the Sub-Funds fails to provide the Sub-Funds, its agents or authorised representatives with complete and accurate information that may be required by the Sub-Funds to comply with FATCA, the Unitholder may be subject to withholding on amounts otherwise distributable to the Unitholder, may be compelled to sell his interest in the Sub-Funds, or in certain situations, the Unitholders' interest in the Sub-Funds may be sold involuntarily, provided that any action so taken shall not be prohibited by applicable laws and regulations.

In cases where Unitholders invest in the Sub-Funds through an intermediary, Unitholders are reminded to check whether such intermediary is FATCA compliant. If Unitholders are in any doubt, they should consult their tax advisor, stockbroker, bank manager, solicitor, accountant and other professional adviser(s) regarding the possible implications of FATCA on the Unitholders and the Sub-Funds.

Unitholders, and intermediaries acting for Unitholders, should therefore take note that if they meet the definition of Reportable Person under FATCA (as defined in the "FATCA" sub-section), then they will need to declare this to any Sub-Funds and submit any required documentation. If, subsequent to a Unitholder's investment, the Unitholder becomes a Specified US Person or any other Unqualified Person holds Units, such Unitholder will (i) be restricted from making any additional subscriptions and (ii) as soon as practicable have its Units compulsorily redeemed (subject to the requirements of applicable law). Please see the "Compulsory Redemptions under Certain Circumstances" sub-section below for more information. The compulsory redemption of Units may cause a Unitholder to realise gain or loss on a redemption at a time or value that is not optimal under the Unitholder's specific circumstances and such redemption could therefore adversely affect the Unitholder's return from an investment in Units."

(iii) the risk factor "(bb) Withholding tax risk under FATCA regime" on page 10 shall be renamed as "(bb) FATCA withholding tax risk", and all paragraphs thereunder shall be deleted in their entirety and replaced with the following:

"An FFI that does not comply with the FATCA requirements may face a withholding tax of 30% on all "withholdable payments" (as defined under FATCA) derived from US sources (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce US source income. FATCA withholding tax may also apply to "foreign passthru payments". Although the Sub-Funds will attempt to satisfy any obligations imposed on it to avoid the imposition of FATCA withholding tax, no assurance can be given that the Sub-Funds will be able to satisfy these obligations. If the Sub-Funds become subject to a withholding tax under FATCA, the value of the Units held by Unitholders may suffer material losses. In addition, the Sub-Funds may be required under FATCA to impose FATCA withholding on certain payments it makes.

The imposition of the 30% withholding tax under the FATCA rules could result in materially reduced investment returns for the Unitholders. The administrative costs arising from compliance with the FATCA rules may also cause an increase in the operating expenses of the Sub-Funds, thereby further reducing returns to Unitholders.

Unitholders should consult their independent tax advisor regarding the potential implications of the FATCA rules on themselves and their investment in the Sub-Funds."

5. Under the sub-section headed "Compulsory Redemptions under Certain Circumstances" under the section headed "REDEMPTION OF UNITS", the first and second paragraphs on pages 29 to 30 shall be deleted in their entirety and replaced with the following:

"The Manager may compulsorily redeem a Unitholder's Units in any Sub-Fund (or any part thereof) upon reasonable notice as if the Unitholder had requested the redemption of such Units and close any accounts held by a Unitholder for the Unitholder's investments in the Sub-Fund(s) if:

(a) the Unitholder is or becomes or is holding the Units for the account of or benefit of (i) a US Person under Regulation S; or (ii) Reportable Person under FATCA (as defined in the "FATCA" sub-section); or (iii) any other Unqualified Person (as defined in the "Definitions" section on page 4);

(b) the Unitholder refuses or fails to provide in a timely manner any information or documents or other assistance as reasonably requested by the Manager (and where applicable, the Trustee) for the purpose of meeting any demands, disclosure or reporting requirements as may be required under any applicable local or foreign laws and regulations issued by regulatory or governmental authorities of relevant jurisdiction, including but not limited to FATCA and AEOI;

(c) the Unitholder withdraws consent to the reporting or disclosure of any information or documents relating to the Unitholder or the Unitholder's investments as may be required under any applicable local or foreign laws and regulations issued by regulatory or governmental authorities of relevant jurisdiction, including but not limited to FATCA and AEOI; or

(d) it is, in the opinion of the Manager, required for the purpose of complying with any applicable local or foreign laws and regulations issued by regulatory or governmental authorities of relevant jurisdiction, including but not limited to FATCA and AEOI.

The Manager has a right to withhold, set-off or deduct reasonable amounts from the redemption proceeds, provided that: (i) such withholding, set-off or deduction is not prohibited under applicable laws and regulations; and (ii) the Manager is acting in good faith and on reasonable grounds."

B. The following changes shall take effect from 24 April 2023.

I. The Explanatory Memorandum is hereby supplemented as follows:

1. Under the sub-section headed "Risk Factors" under the section headed "RISK FACTORS AND RISK MANAGEMENT POLICIES", the first sentence under the sub-heading "(iii) Differences in trading day" under the risk factor "Risks associated with Shanghai and Shenzhen Connect" on page 15 shall be amended and restated as follows:

   "Shanghai and Shenzhen Connect will only operate on days when both the PRC and Hong Kong markets are open for trading."

II. The Tenth Term Sheet in respect of BOCIP Shenzhen Growth Fund is hereby supplemented as follows:

1. Under the sub-section headed "Risk Factors" under the section headed "Risk Factors and Risk Management Policies", the first sentence under the sub-heading "(iii) Differences in trading day" under the risk factor "(b) Risks related to Shenzhen-Hong Kong Stock Connect" on page 3 shall be amended and restated as follow:

   "Shenzhen-Hong Kong Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading."

BOCI-Prudential Asset Management Limited accepts responsibility for the information contained in this Addendum as being accurate as at the date of publication.

The Explanatory Memorandum may only be distributed if accompanied by this Addendum.

3 April 2023

FOURTEENTH TERM SHEET TO BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP Short Term HKD Money Market Fund (the "Sub-Fund")

This Fourteenth Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Fourteenth Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund, the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund, the Fourth Term Sheet in respect of the BOCIP Flexi HKD Income Fund, the Fifth Term Sheet in respect of the BOCIP China Wealth Fund, the Sixth Term Sheet in respect of the BOCIP Hong Kong Value Fund, the Seventh Term Sheet in respect of the BOCIP China Health Care Fund, the Eighth Term Sheet in respect of the BOCIP Hong Kong Low Volatility Equity Fund, the Ninth Term Sheet in respect of the BOCIP China-A Small and Mid Cap Fund, the Tenth Term Sheet in respect of BOCIP Shenzhen Growth Fund, the Eleventh Term Sheet in respect of BOCIP Asia Quality Equity Fund, the Twelfth term sheet in respect of BOCIP USD Short Duration Bond Fund and the Thirteenth Term Sheet in respect of BOCIP Flexi USD Bond Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 25 January 2021 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Fourteenth Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Fourteenth Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Fourteenth Term Sheet shall prevail. Terms used in this Fourteenth Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is a money market fund falling under 8.2 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund's investment objective is to seek to achieve a return in Hong Kong dollars in line with prevailing money market rates in Hong Kong by investing not less than 70% of its Net Asset Value in Hong Kong dollar denominated and settled short-term deposits and high quality money market instruments which include but not limited to debt securities, government bills, fixed and floating rate short-term notes, bankers' acceptances, commercial papers, certificates of deposits and commercial bills. In assessing whether a money market instrument is of high quality, as a minimum, the credit quality (such as the credit ratings assigned by internationally recognised credit rating agencies) and the liquidity profile of the money market instruments will be taken into account.

The Sub-Fund will not invest in instruments which are below investment grade or unrated.

For the purpose of the Sub-Fund,

(i) "investment grade" means, a minimum credit rating of Baa3 by Moody's Investor Services, Inc., or BBB− by Standard & Poor's Corporation or Fitch Ratings or an equivalent rating by other internationally recognised rating agencies or if the credit rating is only designated by a People's Republic of China credit rating agency, a minimum credit rating of BBB−;

(ii) if a bond itself does not have a credit rating, the Manager will consider the credit rating of the issuer /guarantor of the bond, which will be deemed as the implied rating of the bond; and

(iii) "unrated bond" is defined as a bond which neither the bond itself nor its issuer has a credit rating.

The Sub-Fund may invest up to 30% of its Net Asset Value in US dollar denominated short-term deposits and high quality money market instruments.

The Sub-Fund may also invest up to 10% of its Net Asset Value in money market funds that are authorized by the SFC under 8.2 of the UTMF Code or regulated in other jurisdiction(s) in a manner generally comparable with the requirements of the SFC and acceptable to the SFC (which may be money market funds managed by the Manager).

The Sub-Fund will maintain a portfolio that meets the maturity requirements under 8.2(f) of the UTMF Code (i.e. weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase any 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 invest not more than 30% of its Net Asset Value in debt instruments with loss-absorption features ("LAP") that are of high quality including (i) non-preferred senior debt instruments or external LAC debt Instruments or total loss-absorbing capacity debt instruments (TLAC) or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). In compliance with 8.2(e) of the UTMF Code, the Manager will consider the credit quality of the instruments and the portfolio maturity in selecting LAP.

Credit quality: The Sub-Fund will only invest in LAP that are rated investment grade or above. Please refer to the meaning of "investment grade" above.

Maturity: The portfolio will meet the maturity requirements under 8.2(f) of the UTMF Code.

The Sub-Fund may use financial derivative instruments for hedging purposes only.

Currently, the Manager has no intention to enter into securities lending transactions, sale and repurchase agreements, reverse repurchase agreements or similar over-the-counter ("OTC") transactions on behalf of the Sub-Fund. The Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve or allow) engage in securities lending transactions, sale and repurchase agreements, reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

Investors should note that 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, that the Manager has no obligation to redeem Units at its issue price and the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority. The Sub-Fund does not have a constant Net Asset Value and does not guarantee the repayment of investment principal.

The Sub-Fund is denominated in Hong Kong dollars.

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum generally apply to the Sub-Fund, including general investment risk, political, economic and social risks, market risk, risk relating to accounting standards and disclosure, currency risk, foreign exchange risk, securities risk, derivative instruments risk, political or sovereign risk, liquidity risk, potential conflicts of interest, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime.

In addition to those general risk factors, investors should also note the following risks:

(a) Risk of short-term deposits and money market instruments

As the Sub-Fund invests significantly in short-term deposits and money market instruments with short maturities, the turnover rates of the Sub-Fund's investments may therefore be relatively high and the transaction costs incurred, including those costs resulting from the purchase or sale of short-term money market instruments may also increase which in turn may cause in a negative impact on the Net Asset Value of the Sub-Fund.

(b) Volatility and Liquidity Risk

The Sub-Fund may invest in money market instruments which are not listed or actively traded, and as a consequence tend to be less liquid and more volatile. The prices of money market instruments traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such money market instruments may be large and the Sub-Fund may incur significant trading costs.

(c) Interest Rate Risk

Investment in the Sub-Fund is subject to interest rate risk. Interest rates in the short-term money market may vary from day to day reflecting changes in the level of money available in the economy and expectations of interest rate trends. The rate of return to investors will therefore fluctuate with these changes. In general, the prices of money market instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

(d) Credit/ Counterparty Risk

The Sub-Fund is subject to the credit risks of the financial institutions that offer and act as counterparties of such deposits. As such deposits may not be protected or fully protected under any deposit protection schemes, a default by the relevant financial institution in respect of the Sub-Fund's holdings in short-term deposits may result in losses to the Sub-Fund.

The Sub-Fund is exposed to the credit/default risk of issuers of the money market instruments that the Sub-Fund may invest in. The issuer, guarantor or counterparty to a financial instrument in which the underlying fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the underlying fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

(e) Credit rating 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 ratings assigned by credit rating agencies are a generally accepted barometer of credit risk of a fixed income security. They are, however, subject to certain limitations. For example, the rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is often a time lag in updating the credit ratings in response to recent credit events.

(f) Downgrading Risk

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. The Sub-Fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk.

(g) 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.

(h) Valuation Risk

Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Fund.

(i) Concentration Risk

The Sub-Fund's investments may be concentrated in short-term deposits and money market instruments denominated in the Sub-Fund's base currency. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

(j) Risk associated with LAP

The Sub-Fund may invest in LAP including contingent convertible debt securities, senior non-preferred debt and subordinated additional Tier 1 and Tier 2 debt securities. These debt instruments are subject to greater risks when compared to traditional debt instruments as such instruments typically include terms and conditions which may result in them being partly or wholly written off, written down, or converted to ordinary shares upon the occurrence of a pre-defined trigger event (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).

Such trigger events are likely to be outside of the issuer's control and commonly include a reduction in the issuer's capital ratio below a specified level or upon specific government or regulatory action being taken as a result of the issuer's ongoing financial viability. Trigger events are complex and difficult to predict and can result in a significant or total reduction in the value of such instruments, giving rise to consequential loss of the Sub-Fund. In the event of the activation of a trigger event, there may be potential price contagion and volatility of the entire asset class. LAP may also be exposed to liquidity, valuation and sector concentration risk.

In relation to contingent convertible debt securities, coupon payments are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. As a result of the uncertainty surrounding coupon payments, contingent convertible debt securities may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

In relation to senior non-preferred debt, such instrument may be subject to write-down upon occurrence of a trigger event and will no longer fall under the credit ranking hierarchy of the issuer. This may result in total loss of principal invested.

(k) Risks associated with Restrictions on Redemption

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 the Sub-Fund redeemed on any Dealing Day (whether by sale to the Manager or by cancellation by the Trustee) to 10% of the latest available Net Asset Value of the Sub-Fund. In this event Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day and the redemption price will then be determined by reference to the Net Asset Value per Unit on such next Dealing Day. A Unitholder may therefore not be able to redeem all of their holdings on a particular Dealing Day. Please refer to the sub-section headed "Restrictions on Redemption" of the Explanatory Memorandum for details.

(l) Risk of investing in other CISs/funds

Investors should be aware of the consequences of investing in other CISs/funds (the "underlying funds"). Investment decisions of the underlying funds are made at the level of such underlying funds. The Sub-Fund will be subject to the same type of risks in proportion to their holdings of those specific underlying funds. Different underlying funds invested by the Sub-Fund have different underlying investments. The risks relating to such underlying investments may include any of the general risk factors mentioned in the Explanatory Memorandum.

There may be additional costs involved when investing into these underlying funds. The Sub-Fund will bear the fees paid to the Manager and its other service providers as well as, indirectly, a pro rata portion of the fees paid by the underlying funds to the service providers of the underlying funds. If the Sub-Fund invests in underlying funds managed by the Manager, all initial charges on such underlying funds will be waived. Further, the management fees payable at the underlying fund(s)' level (which are directly attributable to the amount invested by the Sub-Fund) shall accordingly, be fully rebated in cash to the Sub-Fund. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

(m) Derivative Instruments Risk

The Sub-Fund may use derivatives for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. Derivative instruments may involve an embedded leverage which can result in a loss significantly greater than the amount invested in derivatives by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the sub-heading "Investment Restrictions Applicable to Money Market Sub-Funds" and the sub-section headed "Borrowing Restrictions" on pages 21 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Different classes of Units may be offered for a 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 have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ. The Manager may levy an initial charge on the issue of Class A Units of the Sub-Fund. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 8 below.

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during the initial offer period (the "**Initial Period**") which has already been closed. All Units are denominated in Hong Kong Dollars.

The Class A Units were offered at an issue price of HK$10.00 per Unit (exclusive of any applicable initial charge). The Manager may levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the "Fees and Expenses" section on page 8 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications in writing or by facsimile received by the Manager prior to 11:00 a.m. (Hong Kong time) on the last day of the Initial Period, Units will be issued on the close of the Initial Period.

If the total subscription of the Sub-Fund as at the closing date of Initial Period is less than HK$50 million, the Manager may exercise its discretion not to issue any Units of the Sub-Fund as at the close of the Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three (3) Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in HK Dollars within seven (7) Business Days after the expiry of Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 11:00 a.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Class A Units of the Sub-Fund on a Dealing Day will be calculated by reference to the Sub-Fund's Net Asset Value per Unit as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the "Fees and Expenses" section on page 8 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A Units are currently available for subscriptions.

Unless otherwise allowed under the "Regular Savings Plan" section on page 8 below, the minimum amount of each subscription in Class A Units of the Sub-Fund during and after the Initial Period shall be HK$10,000, inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A Units of the Sub-Fund if, after redemption, the Unitholder's holding of Class A Units of the Sub-Fund falls below HK$10,000.

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD", and crossed "A/C Payee Only, Not Negotiable" or by telegraphic or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name:	Bank of China (Hong Kong) Limited
Address:	Bank of China Tower, 1 Garden Road, Hong Kong
Account:	BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C No:	012-875-0-044596-0

Subscription monies must be paid in HK Dollars.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted.

Application(s) for subscription of or switching into the Sub-Fund (which is a Money Market Sub-Fund) will not be processed unless the subscription proceeds (or in the case of fund switching, the redemption proceeds of another sub-fund switched out by the Unitholders that are used to subscribe to the Sub-Fund) in cleared fund are received prior to 11:00 a.m. on the relevant Dealing Day. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in HK Dollars to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

No Unitholder shall be entitled to realize part only of his holding of Class A Units of the Sub-Fund if (i) such redemption would result in his holding of Class A Units of the Sub-Fund after redemption being less than HK$10,000; or (ii) the amount of proceeds realized from Class A Units of the Sub-Fund is less than HK$10,000. However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing or by facsimile received by the Manager prior to 11:00 a.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing or by facsimile received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will normally be paid in HK Dollars.

Subject as mentioned above and so long as relevant account details have been provided, redemption proceeds will be paid by telegraphic or bank transfer (less the cost of effecting such telegraphic or bank transfer), normally within 3 Business Days after the relevant Dealing Day and in any event within one month of the relevant Dealing Day (unless payment of redemption proceeds has been suspended) or, if later, after duly completed redemption documentation has been submitted to the Manager in person, sent by post or by facsimile or other means from time to time determined by the Manager (unless the original is required by the Manager) and received by the Manager.

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of HK Dollar (and in the case of 0.00005 of a HK Dollar, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Subject to the consent of the Manager and any requirements or restrictions (whether operational, legal, regulatory or otherwise) applicable to the Sub-Fund, Unitholders will have the right (subject to any suspension in the determination of the Net Asset Value of any relevant Sub-Fund) to switch all or part of their Class A Units of Sub-Fund (the "Current Class") into Class A Units of another sub-fund (the "New Class") by giving notice in writing or by facsimile to the Manager.

Switching requests in writing or by facsimile involving the Sub-Fund received by the Manager prior to 11:00 a.m.(Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing or by facsimile received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Unitholders should note that in respect of an application to switch into the Sub-Fund (which is a Money Market Sub-Fund) the relevant application will not be processed unless the redemption proceeds of another sub-fund switched out by the Unitholders that are used to subscribe to the Sub-Fund in cleared funds are received prior to 11:00 a.m. on the relevant Dealing Day.

Calculation of Net Asset Value and Issue and Redemption Prices

The valuation and the calculation of the Net Asset Value and issue and redemption prices as set out under the section headed "Calculation of Net Asset Value and Issue and Redemption Prices" on pages 32 to 34 of the Explanatory Memorandum shall generally be applicable to the Sub-Fund EXCEPT THAT:

1. the valuation of the Sub-Fund shall be ascertained and the issue and redemption prices per Unit of each class of the Sub-Fund shall be calculated as at 11:00 a.m. on each Dealing Day; and

2. subject to the exceptions mentioned under the section headed "Calculation of Net Asset Value and Issue and Redemption Prices" of the Explanatory Memorandum, the value of any investments quoted, listed, or normally dealt in on any market shall be calculated by reference to the latest available traded price on the principal market on which such investments is quoted, listed or ordinarily dealt in and in determining such prices, the Manager in consultation with the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as the Manager may from time to time determine notwithstanding that the prices so used are not such prices.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution Policy

The Manager does not intend to make any distributions in respect of the Sub-Fund and any income earned by the Sub-Fund will be reinvested in the Sub-Fund and reflected in the value of Units of the relevant class of the Sub-Fund.

Fees and Expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for each Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant Sub-Fund. The current management fee for Class A Units of the Sub-Fund is 0.30% of its Net Asset Value per annum. The maximum management fee for Class A Units of the Sub-Fund is 1% of its Net Asset Value per annum.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrued on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

No initial charge will be levied by the Manager for the issue of Class A Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching Fee *(express as a percentage of the issue price of the New Class of Units to be issued)*
Switching involving Units of the Sub-Fund	1% * (For switching into an another sub-fund which is not a Money Market Sub-Fund as defined in the Explanatory Memorandum ("Non-Money Market Sub-Fund")) Nil (For switching into Units of another Money Market Sub-Fund)

*If Units are switched from the Sub-Fund or another Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

(iii) Fees Payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value of the Sub-Fund. The current level of Trustee Fee is as follows:

- 0.075% per annum on the first HK$3 billion of the Net Asset Value
- 0.065% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to "Charges and Expenses" section on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other Charges and Expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund is from the close of its Initial Period to 31 December 2021.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

THIRTEENTH TERM SHEET TO BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP Flexi USD Bond Fund (the "Sub-Fund")

This Thirteenth Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Thirteenth Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund, the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund, the Fourth Term Sheet in respect of the BOCIP Flexi HKD Income Fund, the Fifth Term Sheet in respect of the BOCIP China Wealth Fund, the Sixth Term Sheet in respect of the BOCIP Hong Kong Value Fund, the Seventh Term Sheet in respect of the BOCIP China Health Care Fund, the Eighth Term Sheet in respect of the BOCIP Hong Kong Low Volatility Equity Fund, the Ninth Term Sheet in respect of the BOCIP China-A Small and Mid Cap Fund, the Tenth Term Sheet in respect of BOCIP Shenzhen Growth Fund, the Eleventh Term Sheet in respect of BOCIP Asia Quality Equity Fund and the Twelfth term sheet in respect of BOCIP USD Short Duration Bond Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 28 October 2019 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Thirteenth Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Thirteenth Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Thirteenth Term Sheet shall prevail. Terms used in this Thirteenth Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is a bond fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund aims at generating income and achieving long-term capital growth, by primarily (at least 70% of its Net Asset Value) investing in U.S. dollar ("USD") denominated and settled debt securities. Such debt instruments may include but are not limited to fixed rate or floating rate debt securities such as government bonds, commercial papers, convertible bonds, bank certificate of deposit, negotiated term deposits, short-term bills and notes, which may be listed or unlisted. The issuers of the debt instruments include governments, quasi-governmental bodies, banks, financial institutions or other corporate entities. The Sub-Fund's investments are not confined to any particular geographic region or market.

The Sub-Fund may invest in investment grade (as defined below) and/or non-investment grade debt and debt-related securities. The Sub-Fund may invest up to 70% of its Net Asset Value in debt securities that are below investment grade and/or unrated (as defined below).

For the purpose of the Sub-Fund,

(i) "investment grade" means, a minimum credit rating of Baa3 by Moody's Investor Services, Inc., or BBB− by Standard & Poor's Corporation or Fitch Ratings or an equivalent rating by other internationally recognised rating agencies or if the credit rating is only designated by a People's Republic of China (the "PRC") credit rating agency, a minimum credit rating of BBB−;

(ii) if a bond itself does not have a credit rating, the Manager will consider the credit rating of the issuer /guarantor of the bond, which will be deemed as the implied rating of the bond; and

(iii) if neither the debt security itself nor its issuer or guarantor is rated, the debt security will be classified as "unrated".

Up to 30% of the Sub-Fund's assets may be denominated in other currencies.

The Sub-Fund may invest up to 30% of its Net Asset Value in offshore RMB denominated and settled debt instruments which are issued or listed outside Mainland China ("Dim Sum bonds") and onshore RMB denominated and settled debt instruments issued or distributed within Mainland China through Bond Connect only. Bond Connect is a mutual bond market access scheme between Mainland China and Hong Kong. Under the Northbound Trading of Bond Connect, eligible foreign investors can invest in the China interbank bond market.

The Sub-Fund may invest not more than 30% of its Net Asset Value in Urban Investment Bonds, which are debt instruments issued by local government financing vehicles ("LGFVs") and traded in the PRC exchange-traded bond markets and China interbank bond market. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for local development, public welfare investment and infrastructure projects.

The Sub-Fund may invest not more than 30% of its Net Asset Value in debt instruments with loss-absorption features including contingent convertible debt securities, senior non-preferred debt and subordinated additional Tier 1 and Tier 2 debt securities. These instruments may be subject to contingent write down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The Sub-Fund will invest not more than 10% of its Net Asset Value in convertible bonds.

The Sub-Fund may invest up to 10% of its Net Asset Value in:
(i) debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade; or
(ii) collateralized and/or securitized products (such as asset backed securities, mortgage backed securities and asset backed commercial papers).

The Sub-Fund may invest up to 30% of the Sub-Fund's assets in SFC authorized collective investment schemes ("CISs") (including CISs managed by the Manager) which will have similar investment objectives and/or strategies as the Sub-Fund.

The Sub-Fund may use financial derivative instruments for hedging purposes. Financial derivatives instruments may include but are not limited to credit default swaps, interest rate swaps, currency forward contracts, futures and options.

Under normal circumstances, up to 30% of Sub-Fund's assets could be invested in deposits or cash for liquidity management and ancillary basis. However, the Sub-Fund may increase its cash or liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills (up to 100%) under exceptional circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in the markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

Currently, the Manager has no intention to enter into securities lending transactions, repurchase agreements, reverse repurchase agreements or similar over-the-counter ("OTC") transactions on behalf of the Sub-Fund. The Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve) engage in securities lending transactions, repurchase agreements, reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund is denominated in US dollars.

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum generally apply to the Sub-Fund, including general investment risk, political, economic and social risks, interest rate risk, market risk, emerging market risk, risk relating to accounting standards and disclosure, valuation risk, currency risk, foreign exchange risk, securities risk, credit risk, counterparty risk, credit rating risk, downgrading risk, risk associated with debt securities rated below investment grade or unrated debt securities, sovereign debt risk, derivative instruments risk, political or sovereign risk, liquidity risk, potential conflicts of interest, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime. Since the Sub-Fund involves investments in Mainland China, investors should also note foreign exchange and RMB currency and conversion risks, credit rating agency risk associated with investments in Mainland China onshore debt securities/ fixed income instruments and liquidity and volatility risks associated with investments in debt securities/ fixed income instruments in Mainland market. Since the Sub-Fund offers other class(es) of Units, investors should pay attention to (i) risk relating to those class(es) of Units denominated in a currency other than the Base Currency set out in the Explanatory Memorandum and (ii) cross-class liability risk. Also, since the Sub-Fund offers Class A – RMB Units, investors should also pay attention to (i) foreign exchange and RMB currency and conversion risks and (ii) risk relating to redemption and/or distribution payments (if any) set out in the Explanatory Memorandum.

In addition to those general risk factors, investors should also note the following risks:

(a) Liquidity and Volatility Risks

The markets for debt and fixed income instruments may be less liquid and more volatile and this may result in the fluctuation in the price of securities traded on such markets. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs. 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.

(b) Credit/Insolvency Risk and Counterparty Risk

The Sub-Fund is exposed to the credit/insolvency risk of issuers of debt and fixed income instruments that the Sub-Fund may invest in. If the issuer of such debt instruments defaults, or such debt instruments cannot be realised, investors may suffer substantial losses.

The debt and fixed income instruments that the Sub-Fund invests in are typically unsecured debt obligations and are not supported by any collateral. If the issuer becomes insolvent, proceeds from the liquidation of the issuer's assets will be paid to holders of fixed income instruments 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 the event of bankruptcy or insolvency of any of its counterparties, the Sub-Fund may experience delays in liquidating its positions and may incur significant losses (including declines in the value of its investment) as a result of the inability to redeem its investments during the period in which the Sub-Fund seeks to enforce its rights, and the fees and expenses incurred in enforcing its rights. To the extent that a counterparty defaults on its obligations and the Sub-Fund is prevented from exercising its rights with respect to the investment in its portfolio, the Sub-Fund may experience a decline in the value and incur costs associated with its rights attached to the security. The Sub-Fund may sustain substantial losses as a result.

(c) Risk associated with Instruments with loss-absorption features

The Sub-Fund may invest in debt instruments with loss-absorption features including contingent convertible debt securities, senior non-preferred debt and subordinated additional Tier 1 and Tier 2 debt securities. These debt instruments are subject to greater risks when compared to traditional debt instruments as such instruments typically include terms and conditions which may result in them being partly or wholly written off, written down, or converted to ordinary shares upon the occurrence of a pre-defined trigger event (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).

Such trigger events are likely to be outside of the issuer's control and commonly include a reduction in the issuer's capital ratio below a specified level or upon specific government or regulatory action being taken as a result of the issuer's ongoing financial viability. Trigger events are complex and difficult to predict and can result in a significant or total reduction in the value of such instruments, giving rise to consequential loss of the Sub-Fund. In the event of the activation of a trigger event, there may be potential price contagion and volatility of the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

In relation to contingent convertible debt securities, coupon payments are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. As a result of the uncertainty surrounding coupon payments, contingent convertible debt securities may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

In relation to senior non-preferred debt, such instrument may be subject to write-down upon occurrence of a trigger event and will no longer fall under the credit ranking hierarchy of the issuer. This may result in total loss of principal invested.

(d) Risks associated with the Bond Connect and the China interbank bond market

The Sub-Fund may invest in debt securities through the Bond Connect and may be exposed to liquidity and volatility risks, as low trading volume of certain debt securities in the China interbank bond market may cause market volatility and potential lack of liquidity. These may result in prices of certain debt securities traded on such market fluctuating significantly. The bid and offer spread of the prices of such securities may be large, and the Sub-Fund may incur significant trading and realisation costs and may potentially suffer losses when disposing of such investments.

Where the Sub-Fund enters into transactions through the Bond Connect, the Sub-Fund may also be subject to risks associated with settlement procedures and counterparties and generally to default risks. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of relevant security or payment for value.

The Sub-Fund may also be subject to the risks of default or errors on the part of third parties, including without limitation, the offshore custody agent, registration agents, or other third parties (as the case may be), given that the relevant filings or registration with the People's Bank of China ("PBOC") and the account opening and operations in relation to investments through the Bond Connect shall be carried out via such third parties.

The Sub-Fund may also be exposed to regulatory risks relating to the Bond Connect. The relevant rules and regulations on the Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening of the Bond Connect or trading through the Bond Connect, the Sub-Fund's ability to invest in the China interbank bond market and hence to achieve its investment objective may be adversely affected.

Further, if there is any non-compliance with the applicable PRC laws, regulations and rules relating to trading through the Bond Connect or the China interbank bond market or the relevant undertakings given by the Manager or other service providers, trading of the bonds will be adversely affected or even suspended which may result in liquidity or other risks. Please also refer to the risk factor "Liquidity risk" set out under the sub-section headed "Risk Factors" under the section headed "Risk Factors and Risk Management Policies" of the Explanatory Memorandum.

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

Currently, the bonds acquired by the Sub-Fund through the Bond Connect are registered in the name of the Central Moneymarkets Units (the "CMU") as nominee and held in its account with the onshore custody agents. The CMU will in turn provide bond registration and depository service for overseas investors trading under the Bond Connect. The Sub-Fund is exposed to potential risk where the precise nature and rights of the Sub-Fund in the bonds through CMU as nominee holder is not well defined under PRC law, due to a lack of clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there are limited cases involving nominee account structure in the PRC courts. The Sub-Fund may be exposed to uncertainty in the exact nature and methods of enforcement of the rights and interests of the Sub-Fund under PRC law through CMU or directly. Accordingly, the Sub-Fund's ability to enforce its rights and interests in the bonds acquired through the Bond Connect may be affected or may suffer delay.

In the absence of specific taxation rules on the Northbound Trading of the Bond Connect, the Sub-Fund may also be subject to uncertainty in relation to the tax arrangement for investment via the Bond Connect. Investors should refer to further details below under "PRC Tax Risk".

(e) The "Dim Sum" bond (i.e. bonds issued outside Mainland China but denominated in RMB) Market Risks

The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The quantity of RMB debt securities issued or distributed outside Mainland China is currently limited. The credit quality of offshore RMB debt securities may be affected by such limited supply of debt securities and the excess demand of such debt securities in the market. This may have an adverse impact on the quality and pricing of such debt securities which in turn may have an adverse effect on the Sub-Fund's Net Asset Value.

Further, the Sub-Fund may not be able to find suitable debt instruments to invest in and hold a significant portion of assets in RMB bank deposits or term deposits with substantial financial institutions if there are not sufficient RMB debt securities for the Sub-Fund to invest in or when such instruments held are of short duration and are at maturity, until suitable RMB debt instruments are available in the market. This may adversely affect the Sub-Fund's return and performance.

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).

(f) Risk associated with Urban Investment Bonds

The Sub-Fund may invest in urban investment bonds issued by LGFVs that are established by local governments in the PRC for raise financing for local development, public welfare investment and infrastructure projects in the PRC. Although local governments may be seen to be closely connected to urban investment bonds, such bonds are typically not guaranteed by local governments or the central government of the PRC. As such, local governments or the central government of the PRC are not obliged to support any LGFVs in default. In the event that the Sub-Fund invests in any LGFV and the LGFV defaults on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Sub-Fund's Net Asset Value could be adversely affected.

g) PRC Tax Risk

Corporate Income Tax ("CIT")

Interests

Under the PRC CIT Law and its related implementation rules, interests derived from Mainland China by entities that are treated as non-residents in the PRC which have no establishment or place in Mainland China are subject to withholding income tax ("WHT") at the rate of 10%.

As such, in respect of the Sub-Fund's investments in PRC debt securities of which interests are derived from issuers in Mainland China, the Sub-Fund will be subject to WHT unless a specific exemption is applicable. Such WHT will reduce the income from the Sub-Fund and adversely affect the performance of the Sub-Fund. Interest income earned on PRC government bonds issued by the PRC Ministry of Finance ("MOF"), or bonds issued by local government of a province, autonomous regions, and municipalities directly under the Central Government or municipalities separately listed on the state plan, as approved by the State Council is exempt from WHT.

On 22 November 2021, the MOF and the State Taxation Administration of the PRC ("STA") jointly released Bulletin [2021] No. 34 on tax treatment for Overseas Institutional Investors ("OIIs") investing in China bond market ("Bulletin [2021] No. 34").

Bulletin [2021] No. 34 provides that interest income of the bonds derived by OIIs in the China bond market is temporarily exempted from WHT for the period from 7 November 2021 to 31 December 2025.

Capital gains

Under the prevailing CIT Law, there is no specific provision on whether capital gains derived by a non-resident enterprise from disposal of PRC debt instruments (e.g. bonds issued by PRC companies) would be considered as PRC sourced income and subject to PRC WHT at 10%.

Based on the current interpretation of the STA and the local tax authorities, gains derived by foreign investors (including the Sub-Fund) from investment in PRC debt securities should not be treated as PRC sourced income thus should not be subject to PRC WHT. Under the current practice, no WHT is imposed on capital gains derived by non-residents from disposal of PRC debt instruments. If the relevant interpretation/practice changes in the future, the Sub-Fund may still turn to certain treaty relief applicable to Hong Kong tax residents.

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, for tax residents in Hong Kong that have no PE in the PRC, capital gains derived from the disposal of PRC debt instruments would not be taxed in the PRC, subject to the assessment by the PRC tax authorities.

Value-added Tax ("VAT") and surtax

According to Caishui [2016] No. 36 ("Caishui [2016] No. 36"), with the final stage of VAT reform which came into effect on 1 May 2016, income derived from the investment in PRC debt securities is subject to VAT instead of Business Tax since 1 May 2016.

Interest income received by foreign institutional investors from investments in PRC debt securities via Bond Connect shall be subject to 6% VAT unless special exemption applies. According to Caishui [2016] No. 36, deposit interest income is not subject to VAT and interest income earned on government bonds is exempted from VAT.

Furthermore, the PRC MOF and the STA jointly issued Caishui [2016] No. 70 ("Caishui [2016] No. 70"), which is a supplementary notice to Caishui [2016] No. 36 concerning the financial industry. In the absence of specific VAT rules on Bond Connect, it may make reference to Caishui [2016] No. 70.

Pursuant to Caishui [2016] No. 70, gains derived from investment in China interbank local currency markets (including money market, bond market and derivatives market) by foreign investors, which are qualified by People's Bank of China ("PBOC"), are exempt from VAT since 1 May 2016.

Bulletin [2021] No. 34 provides that interest income of the bonds derived by OIIs in the China bond market is temporarily exempted from VAT for the period from 7 November 2021 to 31 December 2025.

Where capital gains are derived by a non-resident from transfer of offshore PRC investment (e.g. offshore China debt securities), VAT in general is not imposed as the purchase and disposal are concluded and completed outside China.

If VAT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of 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. Stamp duty is levied on the execution or receipt in China of certain documents. Currently, stamp duty is not imposed on the contracts for the sale of PRC bonds.

Tax Provision

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Since the Sub-Fund is the ultimate party which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund's returns. In case there is any uncertainty, the Manager reserves the right to provide for WHT and VAT (plus surtax) on the relevant gains or income and withhold the tax for the account of the Sub-Fund.

The Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not be sufficient, or may be excessive, in relation to PRC tax liabilities. As a result, investors may be disadvantaged, depending on the final outcome of any tax liability, the level of provision and when they subscribed and/or redeemed their Units. If the Sub-Fund has greater tax liabilities in the PRC than provided for, any shortfall between the provision and actual tax liabilities will be debited from the Sub-Fund's assets and cause the Sub-Fund's Net Asset Value to be adversely affected. In this case, existing and subsequent investors will be disadvantaged as they will bear for a disproportionately higher amount of tax liabilities as compared to the liability at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made. In that case, investors who have already redeemed their Units in the Sub-Fund before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.

There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Trading in China interbank bond market via Bond Connect

There is no specific written guidance by the PRC tax authorities on the treatment of VAT in respect of gains derived by foreign institutional investors from trading in China interbank bond market via Bond Connect.

In light of the uncertainty, it may make reference to Caishui [2016] No. 70. The Manager also reserves the right to vary the amount of tax provision (if any) as it considers necessary in order to meet the potential tax liability for gains on disposal of debt securities via Bond Connect.

The Manager, having taken and considered the independent professional tax advice and in accordance with such advice, has determined that :

(1) no PRC WHT and VAT provision will be made on the gross realized and unrealized capital gains from the disposal of PRC debt securities; and
(2) in view of Bulletin [2021] No. 34, the Manager will not make WHT provision and VAT provision on the Sub-Fund's interest income derived from onshore PRC debt instruments from now onwards until 31 December 2025.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(h) Derivative Instruments Risk

The Sub-Fund may use derivatives for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. Derivative instruments may involve an embedded leverage which can result in a loss significantly greater than the amount invested in derivatives by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.

(i) Risks associated with collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers)

The Sub-Fund may invest in asset backed securities (including asset backed commercial papers) or mortgage backed securities which 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.

(j) Risks of investing in convertible bonds

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

(k) Risk in relation to Distribution

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

(l) Risk of investing in other CISs/funds

Investors should be aware of the consequences of investing in other CISs/funds (the "underlying funds"). Investment decisions of the underlying funds are made at the level of such underlying funds. The Sub-Fund will be subject to the same type of risks in proportion to their holdings of those specific underlying funds. Different underlying funds invested by the Sub-Fund have different underlying investments. The risks relating to such underlying investments may include any of the general risk factors mentioned in the Explanatory Memorandum.

There may be additional costs involved when investing into these underlying funds. The Sub-Fund will bear the fees paid to the Manager and its other service providers as well as, indirectly, a pro rata portion of the fees paid by the underlying funds to the service providers of the underlying funds. If the Sub-Fund invests in underlying funds managed by the Manager, all initial charges on such underlying funds will be waived. Further, the management fees payable at the underlying fund(s)' level (which are directly attributable to the amount invested by the Sub-Fund) shall accordingly, be fully rebated in cash to the Sub-Fund. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the sub-heading "General Investment Restrictions" on pages 18 to 21 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Different classes of Units may be offered for a 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 have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ. The Manager may levy an initial charge on the issue of Class A Units of the Sub-Fund. The maximum amount of such initial charge is set out in the section headed “Fees and Expenses” on page 12 below.

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during a prescribed period (the “**Initial Period**”).

Currently, the Sub-Fund offers Class A – USD Units, Class A – HKD Units and Class A – RMB Units.

Class A – USD Units of the Sub-Fund are denominated in US dollars. Class A – HKD Units of the Sub-Fund are denominated in HK dollars. Class A – RMB Units of the Sub-Fund are denominated in RMB.

For the avoidance of doubt, where the Sub-Fund has “Class A - USD Units”, “Class A - HKD Units”, “Class A – RMB Units”, or such other class which name commences with “Class A”, each class of such Units shall be considered a separate class.

Class A - USD Units of the Sub-Fund were initially offered at an issue price of US$10.00 per Unit (exclusive of any applicable initial charge) during its Initial Period which has already been closed.

Class A - HKD Units and Class A – RMB Units of the Sub-Fund were initially offered for subscription by investors during its Initial Period which has already been closed.

Class A - HKD Units and Class A – RMB Units of the Sub-Fund during the above initial period were offered at their issue prices (exclusive of any applicable initial charges) as determined below:

(i) for Class A – HKD Units, the issue price (exclusive of any initial charges) shall be the issue price of Class A – USD Units as at the end of the initial period, multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 pm (London time) on the date on which the said initial period ends, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate;

(ii) for Class A – RMB Units, the issue price (exclusive of any initial charges) shall be the issue price of Class A – USD Units as at the end of the initial period, multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 pm (London time) on the date on which the said initial period ends, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager’s webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Period, Units will be issued on the close of the Initial Period.

If the total subscription of the Sub-Fund as at the closing date of Initial Period is less than HK$50 million (or its equivalent amount in the currency in which that particular class of Units is denominated), the Manager may exercise its discretion not to issue any Units of the Sub-Fund as at the close of the Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three (3) Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in US Dollars within seven (7) Business Days after the expiry of Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Units of the relevant class of the Sub-Fund on a Dealing Day will be calculated by reference to the Net Asset Value per Unit of such class of the Sub-Fund as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the "Fees and Expenses" section on page 12 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A – USD Units, Class A – HKD Units and Class A – RMB Units are currently available for subscription.

Unless otherwise allowed under the "Regular Savings Plan" section on page 11 below, the minimum amount of each subscription in each of Class A – USD Units, Class A – HKD Units and Class A – RMB Units of the Sub-Fund during and after the Initial Period shall be HK$10,000 or its equivalent amount in USD or RMB (as the case may be), inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A – USD Units, Class A – HKD Units and Class A – RMB Units (as the case may be) of the Sub-Fund if, after redemption, the Unitholder's holding of Class A – USD Units, Class A – HKD Units and Class A – RMB Units (as the case may be) of the Sub-Fund falls below HK$10,000 or its equivalent amount in USD or RMB (as the case may be).

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD", and crossed "A/C Payee Only, Not Negotiable" or by telegraphic or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C Numbers:
For Class A – USD Units and Class A – RMB Units: 012-875-9-251458-0
For Class A – HKD Units: 012-875-0-044596-0

Subscription monies for Class A – USD Units must be paid in US Dollars. Subscription monies for Class A – HKD Units must be paid in HK Dollars. Subscription monies for Class A – RMB Units must be paid in RMB.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in the currency in which the particular class of Units being subscribed for is denominated to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

Units of the relevant class realized on a Dealing Day will be redeemed at a price calculated by reference to the Net Asset Value per Unit of that class of the Sub-Fund as at that Dealing Day.

No Unitholder shall be entitled to realize part only of his holding of Class A – USD Units, Class A – HKD Units or Class A – RMB Units (as the case may be) of the Sub-Fund if (i) such redemption would result in his holding of Units of the Sub-Fund after redemption being less than HK$10,000 or its equivalent amount in USD or RMB (as the case may be); or (ii) the amount of proceeds realized from Class A – USD Units, Class A – HKD Units or Class A – RMB Units (as the case may be) of the Sub-Fund is less than HK$10,000 or its equivalent amount in USD or RMB (as the case may be). However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will normally be paid in the class currency of the relevant class of Units of the Sub-Fund being redeemed.

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of US Dollar (and in the case of 0.00005 of a US Dollar, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution Policy

In respect of the Sub-Fund, commencing from 2020, the Manager intends to declare distributions to Unitholders on a monthly basis, by the end of each month. The monthly distributions may not be made equally. At least one (1) month's prior notice will be given to Unitholders if there is any change in the frequency for distributions.

Commencing from 2020, the Manager will declare an indicative per annum distribution rate at the beginning of each calendar year and Unitholders will receive written notice regarding such indicative per annum distribution rate. As a whole, distributions paid in that year shall be no less than the indicative per annum distribution rate, any change of such rate will require no less than one (1) month's prior notice to Unitholders.

The Manager will normally make distributions out of net income received or receivable. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that distributions be paid out of capital, or the Manager may, in its discretion, pay distributions out of the gross income while charging / paying all or part of the fees and expenses to / out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital available for investment in future and may constrain capital growth.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

The Manager has the discretion to determine if and to what extent distributions will be paid out of capital. No distributions will be paid by the relevant class of Units if the capital is insufficient to pay the distributions.

The indicative per annum distribution rate each year may vary and may go up and down. The Manager also has the sole and absolute discretion to determine or vary the frequency and dates for distributions.

Investors should note that the distribution amount and/or rate of a particular class of Units may be more than or less than such amount and/or rate of the other class(es) of Units due to various factors, including but not limited to short-term interest rate differentials. Furthermore, the compositions of the distributions of a particular class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) may not be the same as that of the other class(es) of Units.

The compositions of the distributions of the relevant class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website (www.boci-pru.com.hk). Information contained in the website of the Manager has not been reviewed by the SFC.

The Manager may amend the distribution policy subject to SFC's prior approval (where applicable) and normally by giving not less than one (1) month's prior notice to Unitholders.

Fees and Expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for the Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant class of Units of the Sub-Fund. The current management fee for each of Class A – USD Units, Class A – HKD Units and Class A – RMB Units of the Sub-Fund is 0.75% of its Net Asset Value per annum of such class of Units. The maximum management fee for each of Class A – USD Units, Class A – HKD Units and Class A – RMB Units of the Sub-Fund is 2% of its Net Asset Value per annum of such class of Units.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrued on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of Class A Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching Fee *(express as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1% * (For switching into a different class (denominated in a different currency) of Class A Units relating to the same Sub-Fund or switching into Class A Units of another Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)"

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

(iii) Fees Payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value in respect of the relevant class of Units of the Sub-Fund. The current level of Trustee Fee is as follows:

For each of Class A –USD Units, Class A – HKD Units and Class A – RMB Units

- 0.125% per annum on the first US$25 million of the Net Asset Value (or its equivalent amount in HKD or RMB (as the case may be))
- 0.10% per annum on the next US$25 million of the Net Asset Value (or its equivalent amount in HKD or RMB (as the case may be))
- 0.0875% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of US$2,500 on the Sub-Fund.

Inception Fee payable to Trustee: up to US$4,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to "Charges and Expenses" section on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other Charges and Expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund is from the close of its Initial Period to 31 December 2020.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

TWELFTH TERM SHEET TO
BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP USD Short Duration Bond Fund (the "Sub-Fund")

This Twelfth Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Twelfth Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund, the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund, the Fourth Term Sheet in respect of the BOCIP Flexi HKD Income Fund, the Fifth Term Sheet in respect of the BOCIP China Wealth Fund, the Sixth Term Sheet in respect of the BOCIP Hong Kong Value Fund, the Seventh Term Sheet in respect of the BOCIP China Health Care Fund, the Eighth Term Sheet in respect of the BOCIP Hong Kong Low Volatility Equity Fund, the Ninth Term Sheet in respect of the BOCIP China-A Small and Mid Cap Fund, the Tenth Term Sheet in respect of BOCIP Shenzhen Growth Fund and the Eleventh Term Sheet in respect of BOCIP Asia Quality Equity Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 12 November 2018 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Twelfth Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Twelfth Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Twelfth Term Sheet shall prevail. Terms used in this Twelfth Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is a bond fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund seeks to achieve stable total return and capital growth by primarily investing in short duration bond markets. At least 70% of the Sub-Fund's non-cash assets will be invested in global investment grade debt securities. Such debt instruments may include fixed rate or floating rate debt securities such as government bonds, commercial papers, convertible bonds, bank certificate of deposit, negotiated term deposits, short-term bills and notes, which may be listed or unlisted. The issuers of the debt instruments include government, quasi-governmental bodies, banks, financial institutions or other corporate entities worldwide. Assets in the Sub-Fund will be denominated in USD primarily.

The Manager will adopt active management approach and based on interest rate market conditions and outlook, add value through credit selection, varying overall duration of the underlying assets of the Sub-Fund or varying allocation of assets in different parts of the yield curves. Duration of the underlying assets of the Sub-Fund in general will be relatively short, such that interest rate risk could be limited. The Sub-Fund may also gain excess return through investing in corporate debt securities.

The weighted average duration of the Sub-Fund's investments will generally not exceed 3 years. However, the Sub-Fund may purchase debt securities with remaining duration up to 10 years.

The Sub-Fund is not subject to any limitation on the portion of its net asset value that may be invested in any region or sector.

Up to 30% of the Sub-Fund's assets may be denominated in other major currencies such as euro (EUR), pound sterling (GBP), Japanese yen (JPY), Reminbi (RMB), Hong Kong dollar (HKD), Canadian dollar (CAD), Australian dollar (AUD) and New Zealand dollar (NZD).

For the purpose of the Sub-Fund,
(i) "investment grade" means, a minimum credit rating of Baa3 by Moody's Investor Services, Inc., or BBB− by Standard & Poor's Corporation or Fitch Ratings or an equivalent rating by other internationally recognised rating agencies; and
(ii) if a bond itself does not have a credit rating, the Manager will consider the credit rating of the issuer /guarantor of the bond, which will be deemed as the implied rating of the bond.

The Sub-Fund may invest not more than 30% of its Net Asset Value in debt instruments with loss-absorption features (LAP) including (i) non-preferred senior debt instruments or external LAC debt instruments or total loss-absorbing capacity debt instruments (TLAC) or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The Sub-Fund may invest up to 30% of the Sub-Fund's assets in SFC authorized collective investment schemes ("CISs") (including CISs managed by the Manager).

The Sub-Fund will not invest more than 10% of its Net Asset Value in:
(i) debt securities issued and/or guaranteed by a single permitted sovereign issuer (including its government, public or local authority) which is below investment grade; or
(ii) collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers).

The Sub-Fund may use financial derivative instruments for the purpose of hedging.

Under normal circumstances, up to 30% of Sub-Fund's assets could be invested in money market instruments, deposits or cash for liquidity management and ancillary basis. However, the Sub-Fund may increase its cash or liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills (up to 100%) under exceptional circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in the markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

Currently, the Manager has no intention to enter into securities lending transactions, repurchase agreements, reverse repurchase agreements or similar over-the-counter ("OTC") transactions on behalf of the Sub-Fund. With the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve) engage in securities lending transactions, repurchase agreements, reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund is denominated in US dollars.

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum generally apply to the Sub-Fund, including general investment risk, political, economic and social risks, interest rate risk, market risk, risk relating to accounting standards and disclosure, valuation risk, currency risk, foreign exchange risk, securities risk, credit risk, counterparty risk, credit rating risk, downgrading risk, sovereign debt risk, derivative instruments risk, political or sovereign risk, liquidity risk, potential conflicts of interest, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime. Since the Sub-Fund offers other class(es) of Units, investors should pay attention to (i) risk relating to those class(es) of Units denominated in a currency other than the Base Currency set out in the Explanatory Memorandum and (ii) cross-class liability risk. Also, since the Sub-Fund offers Class A – RMB Units, investors should also pay attention to (i) foreign exchange and RMB currency and conversion risks and (ii) risk relating to redemption and/or distribution payments (if any) set out in the Explanatory Memorandum.

In addition to those general risk factors, investors should also note the following risks:

(a) Liquidity and Volatility Risks

The markets for debt and fixed income instruments may be less liquid and more volatile and this may result in the fluctuation in the price of securities traded on such markets. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs. 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.

(b) Credit/Insolvency Risk and Counterparty Risk

The Sub-Fund is exposed to the credit/insolvency risk of issuers of debt and fixed income instruments that the Sub-Fund may invest in. If the issuer of such debt instruments defaults, or such debt instruments cannot be realised, investors may suffer substantial losses.

The debt and fixed income instruments that the Sub-Fund invests in are typically unsecured debt obligations and are not supported by any collateral. If the issuer becomes insolvent, proceeds from the liquidation of the issuer's assets will be paid to holders of fixed income instruments 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 the event of bankruptcy or insolvency of any of its counterparties, the Sub-Fund may experience delays in liquidating its positions and may incur significant losses (including declines in the value of its investment) as a result of the inability to redeem its investments during the period in which the Sub-Fund seeks to enforce its rights, and the fees and expenses incurred in enforcing its rights. To the extent that a counterparty defaults on its obligations and the Sub-Fund is prevented from exercising its rights with respect to the investment in its portfolio, the Sub-Fund may experience a decline in the value and incur costs associated with its rights attached to the security. The Sub-Fund may sustain substantial losses as a result.

(c) Risks associated with instruments with loss-absorption features

(i) 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 a pre-defined trigger event (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.

(ii) In the event of the activation of a trigger event, 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.

(iii) The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

(iv) The Sub-Fund may invest in non-preferred senior debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

(d) Derivative Instruments Risk

The Sub-Fund may use derivatives for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. Derivative instruments may involve an embedded leverage which can result in a loss significantly greater than the amount invested in derivatives by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.

(e) Risks associated with collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers)

The Sub-Fund may invest in asset backed securities (including asset backed commercial papers) or mortgage backed securities which 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.

(f) Risk in relation to Distribution

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

(g) Risk of investing in other CISs/funds

Investors should be aware of the consequences of investing in other CISs/funds (the "underlying funds"). Investment decisions of the underlying funds are made at the level of such underlying funds. The Sub-Fund will be subject to the same type of risks in proportion to their holdings of those specific underlying funds. Different underlying funds invested by the Sub-Fund have different underlying investments. The risks relating to such underlying investments may include any of the general risk factors mentioned in the Explanatory Memorandum.

There may be additional costs involved when investing into these underlying funds. The Sub-Fund will bear the fees paid to the Manager and its other service providers as well as, indirectly, a pro rata portion of the fees paid by the underlying funds to the service providers of the underlying funds. If the Sub-Fund invests in underlying funds managed by the Manager, all initial charges on such underlying funds will be waived. Further, the management fees payable at the underlying fund(s)' level (which are directly attributable to the amount invested by the Sub-Fund) shall accordingly, be fully rebated in cash to the Sub-Fund. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed "Investment and Borrowing Restrictions" on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Different classes of Units may be offered for a 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 have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ. The Manager may levy an initial charge on the issue of Class A Units of the Sub-Fund. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 8 below.

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during a prescribed period (the "**Initial Period**").

Currently, the Sub-Fund offers Class A – USD Units, Class A – HKD Units and Class A – RMB Units.

Class A – USD Units of the Sub-Fund are denominated in US dollars. Class A – HKD Units of the Sub-Fund are denominated in HK dollars. Class A – RMB Units of the Sub-Fund are denominated in RMB.

For the avoidance of doubt, where the Sub-Fund has "Class A - USD Units", "Class A - HKD Units", "Class A – RMB Units", or such other class which name commences with "Class A", each class of such Units shall be considered a separate class.

Class A - USD Units of the Sub-Fund were initially offered at an issue price of US$10.00 per Unit (exclusive of any applicable initial charge) during its Initial Period which has already been closed.

Class A - HKD Units and Class A – RMB Units of the Sub-Fund were initially offered for subscription by investors during its Initial Period which has already been closed.

Class A - HKD Units and Class A – RMB Units of the Sub-Fund during the above initial period were offered at their issue prices (exclusive of any applicable initial charges) as determined below:

(i) for Class A – HKD Units, the issue price (exclusive of any initial charges) shall be the issue price of Class A – USD Units as at the end of the initial period, multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 pm (London time) on the date on which the said initial period ends, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate;

(ii) for Class A – RMB Units, the issue price (exclusive of any initial charges) shall be the issue price of Class A – USD Units as at the end of the initial period, multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 pm (London time) on the date on which the said initial period ends, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Period, Units will be issued on the close of the Initial Period.

If the total subscription of the Sub-Fund as at the closing date of Initial Period is less than HK$50 million (or its equivalent amount in the currency in which that particular class of Units is denominated), the Manager may exercise its discretion not to issue any Units of the Sub-Fund as at the close of the Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three (3) Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in US Dollars within seven (7) Business Days after the expiry of Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Units of the relevant class of the Sub-Fund on a Dealing Day will be calculated by reference to the Net Asset Value per Unit of such class of the Sub-Fund as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the "Fees and Expenses" section on page 8 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A – USD Units, Class A – HKD Units and Class A – RMB Units are currently available for subscription.

Unless otherwise allowed under the "Regular Savings Plan" section on page 7 below, the minimum amount of each subscription in each of Class A – USD Units, Class A – HKD Units and Class A – RMB Units of the Sub-Fund during and after the Initial Period shall be HK$10,000 or its equivalent amount in USD or RMB (as the case may be), inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A – USD Units, Class A – HKD Units and Class A – RMB Units (as the case may be) of the Sub-Fund if, after redemption, the Unitholder's holding of Class A – USD Units, Class A – HKD Units and Class A – RMB Units (as the case may be) of the Sub-Fund falls below HK$10,000 or its equivalent amount in USD or RMB (as the case may be).

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD", and crossed "A/C Payee Only, Not Negotiable" or by telegraphic or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C Numbers:
For Class A – USD Units and Class A – RMB Units: 012-875-9-251458-0
For Class A – HKD Units: 012-875-0-044596-0

Subscription monies for Class A – USD Units must be paid in US Dollars. Subscription monies for Class A – HKD Units must be paid in HK Dollars. Subscription monies for Class A – RMB Units must be paid in RMB.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in the currency in which the particular class of Units being subscribed for is denominated to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

Units of the relevant class realized on a Dealing Day will be redeemed at a price calculated by reference to the Net Asset Value per Unit of that class of the Sub-Fund as at that Dealing Day.

No Unitholder shall be entitled to realize part only of his holding of Class A – USD Units, Class A – HKD Units or Class A – RMB Units (as the case may be) of the Sub-Fund if (i) such redemption would result in his holding of Units of the Sub-Fund after redemption being less than HK$10,000 or its equivalent amount in USD or RMB (as the case may be); or (ii) the amount of proceeds realized from Class A – USD Units, Class A – HKD Units or Class A – RMB Units (as the case may be) of the Sub-Fund is less than HK$10,000 or its equivalent amount in USD or RMB (as the case may be). However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will normally be paid in the class currency of the relevant class of Units of the Sub-Fund being redeemed.

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of US Dollar (and in the case of 0.00005 of a US Dollar, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution Policy

In respect of the Sub-Fund, the Manager intends to declare distributions to Unitholders on a quarterly basis, by the end of March, June, September and December respectively. The quarterly distributions may not be made equally.

At least one (1) month's prior notice will be given to Unitholders if there is any change in the frequency for distributions.

The Manager will normally make distributions out of net income received or receivable. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that distributions be paid out of capital, or the Manager may, in its discretion, pay distributions out of the gross income while charging / paying all or part of the fees and expenses to / out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital available for investment in future and may constrain capital growth.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

The Manager has the discretion to determine if and to what extent distributions will be paid out of capital. No distributions will be paid by the relevant class of Units if the capital is insufficient to pay the distributions.

The amount of distributions (if any) may go up or go down. The Manager has discretion as to whether or not to make any distributions for the Sub-Fund. The Manager also has the sole and absolute discretion to determine or vary the frequency and dates for distributions. However, there is no guarantee as to whether or not distributions will be made and the amount of distributions to be paid. Investors should also note that there is no guarantee of regular distribution payments during the period investors hold the Units of the Sub-Fund.

Investors should note that the distribution amount and/or rate of a particular class of Units may be more than or less than such amount and/or rate of the other class(es) of Units due to various factors, including but not limited to short-term interest rate differentials. Furthermore, the compositions of the distributions of a particular class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) may not be the same as that of the other class(es) of Units.

The compositions of the distributions of the relevant class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website (www.boci-pru.com.hk). Information contained in the website of the Manager has not been reviewed by the SFC.

The Manager may amend the distribution policy subject to SFC's prior approval (where applicable) and normally by giving not less than one (1) month's prior notice to Unitholders.

Fees and Expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for the Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant class of Units of the Sub-Fund. The current management fee for each of Class A – USD Units, Class A – HKD Units and Class A – RMB Units of the Sub-Fund is 0.75% of its Net Asset Value per annum of such class of Units. The maximum management fee for each of Class A – USD Units, Class A – HKD Units and Class A – RMB Units of the Sub-Fund is 2% of its Net Asset Value per annum of such class of Units.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrued on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of Class A Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching Fee *(express as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1% * (For switching into a different class (denominated in a different currency) of Class A Units relating to the same Sub-Fund or switching into Class A Units of another Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)"

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

(iii) Fees Payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value in respect of the relevant class of Units of the Sub-Fund. The current level of Trustee Fee is as follows:

For each of Class A –USD Units, Class A – HKD Units and Class A – RMB Units

- 0.125% per annum on the first US$25 million of the Net Asset Value (or its equivalent amount in HKD or RMB (as the case may be))
- 0.10% per annum on the next US$25 million of the Net Asset Value (or its equivalent amount in HKD or RMB (as the case may be))
- 0.0875% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of US$2,500 on the Sub-Fund.

Inception Fee payable to Trustee: up to US$4,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to “Charges and Expenses” section on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other Charges and Expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund is from the close of its Initial Period to 31 December 2019.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed “Other Charges and Expenses” on pages 37 to 38 of the Explanatory Memorandum.

ELEVENTH TERM SHEET TO BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP Asia Quality Equity Fund (the "Sub-Fund")

This Eleventh Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Eleventh Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund, the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund, the Fourth Term Sheet in respect of the BOCIP Flexi HKD Income Fund, the Fifth Term Sheet in respect of the BOCIP China Wealth Fund, the Sixth Term Sheet in respect of the BOCIP Hong Kong Value Fund, the Seventh Term Sheet in respect of the BOCIP China Health Care Fund, the Eighth Term Sheet in respect of the BOCIP Hong Kong Low Volatility Equity Fund, the Ninth Term Sheet in respect of the BOCIP China-A Small and Mid Cap Fund and the Tenth Term Sheet in respect of BOCIP Shenzhen Growth Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 18 December 2017 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Eleventh Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Eleventh Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Eleventh Term Sheet shall prevail. Terms used in this Eleventh Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is an equity fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund seeks to provide investors with long-term capital growth by primarily (at least 70% of its non-cash assets) investing in equities and equity-related securities (including exchange traded funds ("ETFs")) which are (i) listed on the various stock markets in Asia including those in the People's Republic of China ("PRC"), Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, Thailand and Taiwan and/or (ii) companies based in Asian jurisdictions or companies based in non-Asian jurisdictions but which invest or operate in Asia (including ADRs (American depository receipts) and GDRs (global depository receipts) listed on various stock exchanges).

The Sub-Fund seeks to invest no less than 70% of its Net Asset Value in equities of companies which, in the reasonable opinion of the Manager, are of good quality companies and possess satisfactory investment characteristics according to at least one of the following five (or similar) criteria: above market average growth potential, relatively high stability, attractive valuation, satisfactory dividend yield, and positive sentiment. The ratio of stocks that satisfies each of these five (or similar) criteria fluctuates over time, with the relative importance of an individual criterion varying according to the market cycle and is determined by the Manager's judgment. Based on its qualitative and quantitative assessment, the Manager uses its selection methodology as well as its own judgment and experience in managing investment portfolios to construct a portfolio that seeks to achieve the above objectives. The Sub-Fund will consider investment opportunities in all market capitalization ranges.

The Sub-Fund may invest (a) up to 30% of its Net Asset Value in A shares ((i) directly through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect; and/or (ii) indirectly through investment in ETFs listed on the Stock Exchange of Hong Kong Limited ("SEHK") (which may be physical or synthetic ETFs) (including ETFs managed by the Manager) and/or SFC authorised collective investment schemes ("CISs") (including CISs managed by the Manager)); and/or (b) up to 5% of its Net Asset Value in B shares listed on the stock exchanges in Mainland China.

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are collectively referred to as

"Shanghai and Shenzhen Connect" hereinafter below. Each of Shanghai and Shenzhen Connect is a securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong.

The Sub-Fund's aggregate exposure to A shares and B shares will not exceed 35% of its Net Asset Value.

The Sub-Fund's investment in each ETF will not exceed 10% of its Net Asset Value. The aggregate investment in ETFs will not exceed 30% of the Sub-Fund's Net Asset Value.

The Sub-Fund's aggregate investment in SFC authorised CISs and its investment in each SFC authorised CIS will not exceed 30% of its Net Asset Value.

The Sub-Fund will only invest in structured deposits or structured products or other financial derivative instruments such as futures contracts, warrants, options or forward currency transactions for hedging purposes only.

The Sub-Fund will not invest in debt instruments or bonds.

Cash or deposits may be considered when appropriate.

The Manager has no intention to enter into securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve) engage in securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund may increase its cash or cash equivalent holdings (including time deposits and money market instruments) (up to 100%) under exceptional circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in equity markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund is denominated in US dollars.

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum generally apply to the Sub-Fund, including general investment risk, political, economic and social risks, market risk, risk relating to accounting standards and disclosure, currency risk, foreign exchange risk, securities risk, equity market risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, potential conflicts of interest, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime. Since the Sub-Fund involves investments in Mainland China, investors should also note risks associated with high volatility of the equity market in Mainland China and risk associated with regulatory/ exchanges requirements/ policies of the equity market in Mainland China. Since the Sub-Fund has direct investment in A shares via Shanghai and Shenzhen Connect, investors should also note risks associated with Shanghai and Shenzhen Connect. Since the Sub-Fund has investments denominated in RMB or exposure to RMB currency, investors should also note Foreign Exchange and RMB Currency and Conversion Risks.

In addition to those general risk factors, investors should also note the following risks:

(a) Risk Associated with Investment Strategy

In constructing the portfolio for the Sub-Fund, the Manager will make use of and rely on its internal qualitative and quantitative assessment process to select companies which, in the reasonable opinion of the Manager, are of good quality and possess satisfactory investment characteristics. In such process, the Manager will make its own judgement based on its experience and research findings. There is no assurance that the qualitative and quantitative assessment process will be effective, or the judgement or research findings of the Manager will assist the Sub-Fund to achieve its investment objective. Further, if the performance of companies which are not selected by the Manager out-performs those which are selected by the Manager, the performance of the Sub-Fund may fall below market average, and the Sub-Fund's value may be adversely affected. In such case, the Sub-Fund will not be able to provide investors with long-term capital growth or achieve its investment objective.

(b) Emerging Market

Investing in the securities relating to Asian countries and regions is subject to the risks of investing in emerging markets generally and the risks specific to each individual market in particular.

Investment in emerging markets involves special risks and considerations. The Sub-Fund may be subject to risks in relation to economic, political, social and regulatory development in the emerging markets. These risks include the possibility of: more volatile financial markets, price volatility, smaller capital markets, less developed economic, political and social conditions and policies, less developed clearance and settlement systems and procedures, greater risks in relation to foreign exchange and liquidity, nationalisation, expropriation, government control and intervention and different accounting standards, etc.. All these may have an adverse impact on performance of the Sub-Fund.

(c) Concentration Risk

The investments of the Sub-Fund mainly focus on the Asian markets, thereby increasing its vulnerability to the economic, political or regulatory or tax developments of the Asian markets. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. 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 Asian markets.

(d) Specific Risks Associated with Investments in the PRC

(i) Emerging Market / PRC Market Risk

Investing in the securities relating to the PRC is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular.

Investing in an emerging market, such as the PRC 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.

(ii) PRC Tax Risk

Various tax reforms have been implemented by the PRC government in recent years. There can be no assurance that these existing tax laws will not be revised or abolished. The Sub-Fund may be subject to withholding and various other taxes imposed in Mainland China. Any changes in tax policies may affect adversely the performance of companies in the PRC or companies with activities closely related to the economic development and growth of the PRC.

1 Corporate Income Tax (“CIT”)

1.1 Investing in A shares

a) Capital gains

Under the prevailing PRC CIT Law, gains derived by a non-resident from the trading of A shares would be subject to PRC withholding income tax (“WHT”) unless exempted under tax law and/or an applicable tax treaty.

Pursuant to “Caishui [2014] No. 81 – The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets” (“Circular 81”) and “Caishui [2016] No. 127 – The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets” (“Circular 127”), effective from 17 November 2014 and 5 December 2016 respectively, Hong Kong market investors, both enterprises and individuals, investing in A shares via Shanghai and Shenzhen Connect are temporarily exempted from income tax on capital gains derived from the sales of A shares traded in the SSE and SZSE.

According to Circular 81 and Circular 127, the latest capital gain tax provisioning approach is as follows:

Based on professional and independent tax advice, the Sub-Fund currently will not set aside any capital gain tax provision derived from the gains from trading of A shares by the Sub-Fund in investing in A shares via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect.

The Manager will assess the capital gain tax provisioning approach on an on-going basis. Should the PRC tax policies in respect of the capital gain tax change, the Manager may decide to set aside a provision to meet any potential capital gain tax liability in the future. Prospective investors should consult their independent tax advisors regarding the possible implications of capital gain tax on an investment in the Sub-Fund.

b) Dividend income

To date, a 10% PRC withholding tax has been levied on dividends, distributions and interest payments from PRC listed companies to foreign investors.

The Sub-Fund in investing A shares directly via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect, would be subject to a WHT of 10% on all cash dividends payment or cash proceeds which were referable to dividends or distributions arising from A shares. There is no assurance that the rate of the WHT will not be changed by the relevant PRC tax authority in the future.

1.2 Investing in B shares, H shares, red-chip companies and shares of companies listed on SEHK

a) Capital gains

Under the prevailing PRC CIT Law and regulations, capital gains derived by a non-resident from disposal of B shares and H shares could be subject to WHT at 10%, but under current practice no WHT is imposed on non-residents where both the purchase and sales of the B shares and H shares are via the stock exchange market. Capital gains derived by a non-resident from disposal of red-chip companies and shares of companies listed on SEHK would not be subject to WHT unless the listed company is classified by the PRC tax authority as a PRC resident enterprise.

b) Dividend income

Similar to A shares, dividend and interest income derived from investment in B shares, H shares or certain shares of companies listed on SEHK (that have been classified by the PRC tax authorities as a PRC resident enterprise) by the Sub-Fund would be subject to the WHT at 10% imposed by the PRC tax authorities which may reduce the income from the Sub-Fund and will have an impact on the performance of the Sub-Fund.

2 Value-added Tax ("VAT") and Surtaxes

In China, business tax was completely replaced by VAT starting from May 1, 2016. According to Caishui [2016] No. 36 and Circular 127, the Sub-Fund is exempted from VAT on A share trading activities through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect. However, there is no clear rule on whether there is VAT exemption if the Sub-Fund invests in B shares. Thus, there may be VAT imposed on the Sub-Fund for trading of B shares. The H share transaction, red-chip companies transaction and other kinds of offshore shares transaction should not be subject to VAT.

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

3 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. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of A shares and B shares traded on the PRC stock exchanges. In the case of contracts for sale of A shares and B shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

Under prevailing PRC tax rules, there is no clear stipulation on the stamp duty treatment on the contracts for the sale of H shares, but under current practice generally no stamp duty is imposed on non-residents for trading of H shares.

According to Circular 127, Hong Kong and overseas investors borrow and return listed shares in relation to shares guarantee and short-selling through Shanghai and Shenzhen Connect, will be exempted from stamp duty from 5 December 2016.

4 Tax Provision

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Since the Sub-Fund is the ultimate party which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund's returns. In case there is any uncertainty, the Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not reflect the exact extent of PRC tax liabilities. As a result, investors may be disadvantaged or advantaged, depending on the final outcome of any tax liability. If the actual applicable tax rate levied by the PRC tax authorities is more than the provision made, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the anticipated percentage of the provision as the Sub-Fund will have to bear the additional tax liabilities. There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Although the relevant authorities have announced that CIT, VAT and individual income tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of A shares through Shanghai and Shenzhen Connect, dividends from A shares paid to Hong Kong and overseas investors will continue to be subject to 10% PRC WHT and the company distributing the dividend has the withholding obligation. Further, investors should note that the tax exemption on gains derived from trading of A shares via Shanghai and Shenzhen Connect under Circular 81 and Circular 127 was granted on a temporary basis and there is no assurance that the Sub-Fund will continue to enjoy the tax exemption over a long period of time. It is possible that any future announcement by the PRC tax authority may subject the Sub-Fund to unforeseen tax obligations, which may have retrospective effect.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(e) Derivative Instruments Risk

The Sub-Fund may use derivatives (e.g. forward contracts) for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. Derivative instruments may involve an embedded leverage which can result in a loss significantly greater than the amount invested in derivatives by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.

(f) Risk in relation to Distribution

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed “Investment and Borrowing Restrictions” on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Different classes of Units may be offered for a 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 have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ. The Manager may levy an initial charge on the issue of Class A Units of the Sub-Fund. The maximum amount of such initial charge is set out in the section headed “Fees and Expenses” on page 9 below.

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during the initial offer period (the “**Initial Period**”) which has already been closed. All Units are denominated in US Dollars.

The Class A Units were offered at an issue price of US$10.00 per Unit (exclusive of any applicable initial charge). The Manager may levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the “Fees and Expenses” section on page 9 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager’s webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Period, Units will be issued on the close of the Initial Period.

If the total subscription of the Sub-Fund as at the closing date of Initial Period is less than the equivalent of HK$50 million in USD, the Manager may exercise its discretion not to issue any Units of the Sub-Fund as at the close of the Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three (3) Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in US Dollars within seven (7) Business Days after the expiry of Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Class A Units of the Sub-Fund on a Dealing Day will be calculated by reference to the Sub-Fund’s Net Asset Value per Unit as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the “Fees and Expenses” section on page 9 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager’s webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A Units are currently available for subscriptions.

Unless otherwise allowed under the “Regular Savings Plan” section on page 8 below, the minimum amount of each subscription in Class A Units of the Sub-Fund during and after the Initial Period shall be the equivalent amount of HK$10,000 in USD, inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A Units of the Sub-Fund if, after redemption, the Unitholder’s holding of Class A Units of the Sub-Fund falls below the equivalent amount of HK$10,000 in USD.

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to “BOCI-Prudential Asset Management Ltd – Client A/C-UTD”, and crossed “A/C Payee Only, Not Negotiable” or by telegraphic or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C No: 012-875-9-251458-0

Subscription monies must be paid in US Dollars.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in US Dollars to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

No Unitholder shall be entitled to realize part only of his holding of Class A Units of the Sub-Fund if (i) such redemption would result in his holding of Class A Units of the Sub-Fund after redemption being less than the equivalent amount of HK$10,000 in USD; or (ii) the amount of proceeds realized from Class A Units of the Sub-Fund is less than the equivalent amount of HK$10,000 in USD. However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager’s webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will normally be paid in US Dollars.

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of US Dollar (and in the case of 0.00005 of a US Dollar, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution Policy

In respect of the Sub-Fund, the Manager intends to declare distributions to Unitholders on a quarterly basis, by the end of March, June, September and December respectively. The quarterly distributions may not be made equally.

At least one (1) month's prior notice will be given to Unitholders if there is any change in the frequency for distributions.

The Manager will normally make distributions out of net income received or receivable by the Sub-Fund. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that such distributions be paid out of the capital of the Sub-Fund, or the Manager may, in its discretion, pay distributions out of its 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, resulting 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. This may reduce the capital that the Sub-Fund has available for investment in future and may constrain capital growth.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.

The Manager has the discretion to determine if and to what extent distributions will be paid out of capital. No distributions will be paid by the Sub-Fund if the capital of the Sub-Fund is insufficient to pay the distributions.

The amount of distributions (if any) may go up or go down. The Manager has discretion as to whether or not to make any distributions for the Sub-Fund. The Manager also has the sole and absolute discretion to determine or vary the frequency and dates for distributions. However, there is no guarantee as to whether or not distributions will be made and the amount of distributions to be paid. Investors should also note that there is no guarantee of regular distribution payments during the period investors hold the Units of the Sub-Fund.

The compositions of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website (www.boci-pru.com.hk). Information contained in the website of the Manager has not been reviewed by the SFC.

The Manager may amend the distribution policy subject to SFC's prior approval (where applicable) and normally by giving not less than one (1) month's prior notice to Unitholders.

Fees and Expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for each Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant Sub-Fund. The current management fee for Class A Units of the Sub-Fund is 1.5% of its Net Asset Value per annum. The maximum management fee for Class A Units of the Sub-Fund is 2% of its Net Asset Value per annum.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrued on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of Class A Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching Fee *(express as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1% * (For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

(iii) Fees Payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value of the Sub-Fund. The current level of Trustee Fee is as follows:

- 0.125% per annum on the first US$25 million of the Net Asset Value
- 0.10% per annum on the next US$25 million of the Net Asset Value
- 0.0875% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of US$2,500 on the Sub-Fund.

Inception Fee payable to Trustee: up to US$4,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to "Charges and Expenses" section on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other Charges and Expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund is from the close of its Initial Period to 31 December 2018.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

TENTH TERM SHEET TO
BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP Shenzhen Growth Fund (the "Sub-Fund")

This Tenth Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Tenth Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund, the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund, the Fourth Term Sheet in respect of the BOCIP Flexi HKD Income Fund, the Fifth Term Sheet in respect of the BOCIP China Wealth Fund, the Sixth Term Sheet in respect of the BOCIP Hong Kong Value Fund, the Seventh Term Sheet in respect of the BOCIP China Health Care Fund, the Eighth Term Sheet in respect of the BOCIP Hong Kong Low Volatility Equity Fund and the Ninth Term Sheet in respect of the BOCIP China-A Small and Mid Cap Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 6 March 2017 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Tenth Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Tenth Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Tenth Term Sheet shall prevail. Terms used in this Tenth Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is an equity fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund seeks to provide investors with long-term capital growth by investing primarily in equity securities issued by or linked to companies which are related to the economy of the People's Republic of China ("PRC").

The Sub-Fund will invest primarily (at least 70% of its non-cash assets) in equities of companies listed on the Shenzhen Stock Exchange ("SZSE") or listed equities or equity-related securities issued by companies with growth potential which have business or operations or interests in Shenzhen. The Sub-Fund will consider investment opportunities in all market capitalization ranges.

The Sub-Fund may invest 50% to 100% of its Net Asset Value in A shares directly through Shenzhen-Hong Kong Stock Connect, among which up to 100% of the Net Asset Value of the Sub-Fund may be invested in the Small and Medium Enterprise ("SME") board and/or the ChiNext market of the SZSE. Shenzhen-Hong Kong Stock Connect is a securities trading and clearing linked programme with an aim to achieve mutual stock market access between mainland China and Hong Kong. For details, please refer to the Appendix.

Up to 50% of the Net Asset Value of the Sub-Fund may be invested in (a) A shares indirectly through equity linked instruments ("ELIs") issued by institutions or their affiliates with Qualified Foreign Investors/ Qualified Investors or QI ("QI") status in the PRC and/or through investment in SFC authorised collective investment schemes ("CISs") (including CISs managed by the Manager)) and/or through investment in exchange traded funds ("ETFs") listed on the Stock Exchange of Hong Kong Limited ("SEHK") (which may be physical or synthetic ETFs) (including ETFs managed by the Manager); and/or (b) equities or equity-related securities listed on the SEHK, including H shares, red-chip companies, ETFs (including ETFs managed by the Manager) and real estate investment trusts("REITs"). Qualified Foreign Investors/ Qualified Investors or "QI" refers to foreign institutional investors who are approved as such, including qualified foreign institutional investors ("QFIIs") or RMB qualified foreign institutional investors ("RQFIIs") previously approved, by the China Securities Regulatory Commission ("CSRC") to invest in the PRC securities and futures markets with funds raised overseas.

The ELIs will be held by the Trustee of the Sub-Fund and will be linked to one or a basket of A shares. The ELIs that are to be invested by the Sub-Fund are expected to be quoted on Bloomberg or Reuters and will be issued by institutions or their affiliates with QI status. If the Sub-Fund invests in ELIs which are not listed or quoted or dealt in on a market (market means any stock exchange, over-the-counter ("OTC") market or other organized securities market that is open to the international public and on which such securities are regularly traded), the Sub-Fund's investment therein will not exceed 15% of its latest available Net Asset Value.

The Sub-Fund's gross risk exposure to each ELI issuer will not exceed 10% of its Net Asset Value. The aggregate investment in A shares indirectly through ELIs will not exceed 30% of the Sub-Fund's Net Asset Value.

The Sub-Fund's investment in each ETF will not exceed 10% of its Net Asset Value. The aggregate investment in ETFs will not exceed 30% of the Sub-Fund's Net Asset Value.

The Sub-Fund's aggregate investment in SFC authorised CISs and its investment in each SFC authorised CIS will not exceed 30% of its Net Asset Value.

The Sub-Fund's investment in REITs will not exceed 30% of its Net Asset Value.

The Sub-Fund may invest up to 10% of its Net Asset Value in B shares listed on the stock exchanges in Mainland China.

The Sub-Fund may also invest up to 30% of its Net Asset Value in other PRC-related securities listed or quoted outside Mainland China and Hong Kong if such securities are issued by companies which are related to the economic growth or development of the PRC. These securities may be listed on various stock exchanges including but not limited to stock exchanges in the United States, London or Singapore, such as ADRs (American depository receipts) and GDRs (global depository receipts).

Other than ELIs as mentioned in the previous paragraphs which will be used for investment purposes, the Sub-Fund will only invest in structured deposits or structured products or other financial derivative instruments for hedging purposes only.

The Sub-Fund will not invest in debt instruments or bonds.

Cash or deposits may be considered when appropriate.

The Manager has no intention to enter into securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve) engage in securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund may increase its cash or cash equivalent holdings (including time deposits and money market instruments) (up to 100%) under exceptional circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in equity markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund is denominated in Hong Kong dollars.

Risk Factors and Risk Management Policies

<u>Risk Factors</u>

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum generally apply to the Sub-Fund, including general investment risk, political, economic and social risks, market risk, risk relating to accounting standards and disclosure, currency risk, foreign exchange risk, securities risk, equity market risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime. In addition to those general risk factors, investors should also note the following risks:

(a) <u>Risks associated with the SME board and/or ChiNext market</u>

The Sub-Fund may invest up to 100% of its Net Asset Value in the SME board and/or the ChiNext market of the SZSE via Shenzhen-Hong Kong Stock Connect. Such investments may result in significant losses for the Sub-Fund and its investors. The following risks apply:

(i) Higher fluctuation on stock prices - Listed companies on the SME board and/or ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE.

(ii) Over-valuation risk - Stocks listed on the SME board and/or ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

(iii) Delisting risk - It may be more common and faster for companies listed on the SME board and/or ChiNext to delist. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

(iv) Differences in regulations: The rules and regulations regarding securities in the ChiNext market are less stringent in terms of profitability and share capital than those in the main board and SME board.

(b) <u>Risks related to Shenzhen-Hong Kong Stock Connect</u>

(i) Quota limitations:

Shenzhen-Hong Kong Stock Connect is subject to a Daily Quota which does not belong to the Sub-Fund and can only be utilized on a first-come-first serve basis. The Daily Quota is monitored by SEHK and SZSE. The Daily Quota limits the maximum net buy value of cross-boundary trades under Shenzhen-Hong Kong Stock Connect each day. The Daily Quota will be reset every day. Unused Daily Quota will not be carried over to next day's Daily Quota.

The Northbound Daily Quota balance is disseminated on the Hong Kong Exchanges and Clearing Limited ("HKEx") website.

If the the Northbound Daily Quota drops to zero or the Daily Quota is exceeded during the opening call auction session, new buy orders will be rejected.

Once the Northbound Daily Quota Balance drops to zero or the Daily Quota is exceeded during a continuous auction session, no further buy orders will be accepted for the remainder of the day.

It should be noted that quota limitations may restrict the Sub-Fund's ability to invest in SZSE Securities through Shenzhen-Hong Kong Stock Connect on a timely basis, and the Sub-Fund may not be able to effectively pursue its investment strategies.

(ii) Suspension risk:

The SEHK and SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Shenzhen-Hong Kong Stock Connect is effected, the Sub-Fund's ability to access the PRC market will be adversely affected.

(iii) Differences in trading day:

Shenzhen-Hong Kong Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as the Sub-Fund) cannot carry out any trading of A shares. The Sub-Fund may be subject to a risk of price fluctuations in A shares during the time when Shenzhen-Hong Kong Stock Connect is not trading as a result.

(iv) Operation risk:

- Shenzhen-Hong Kong Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly.

- Shenzhen-Hong Kong Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in Shenzhen-Hong Kong Stock Connect subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Besides, securities regimes and legal systems of the two markets differ significantly and in order for the program to operate smoothly, market participants may need to address issues arising from the differences on an on-going basis.

- The “connectivity” in Shenzhen-Hong Kong Stock Connect requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system) to be set up by SEHK to which exchange participants need to connect. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through Shenzhen-Hong Kong Stock Connect could be disrupted. The Sub-Fund’s ability to access to A share market (and hence to pursue its investment strategy) will be adversely affected. The Sub-Fund may also incur trading or other unforeseeable losses in that event.

(v) Restrictions on selling imposed by front-end monitoring:

- PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on SZSE Securities sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

- If the Sub-Fund desires to sell certain SZSE Securities it holds, it must transfer those SZSE Securities to the respective accounts of its brokers before the market opens on the day of selling. If it fails to meet this deadline, it will not be able to sell those shares on such day.

(vi) Recalling of eligible stocks:

If a stock is recalled from the scope of eligible stocks for trading via Shenzhen-Hong Kong Stock Connect, the stock can only be sold and cannot be bought. This may affect the investment portfolio of the Sub-Fund. Investors should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by both the SZSE and SEHK.

(vii) Clearing and settlement risk:

- The Hong Kong Securities Clearing Company Limited (“HKSCC”) and CSDCC will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

- Should the remote event of CSDCC default occur and CSDCC be declared as a defaulter, HKSCC’s liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against CSDCC. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from CSDCC through available legal channels or through CSDCC’s liquidation. In that event, the Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from CSDCC.

(viii) Counterparty risk relating to brokers:

Investment through Shenzhen-Hong Kong Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers’ in their obligations. Shenzhen-Hong Kong Stock Connect follows A share settlement cycle where the SZSE Securities are settled on the same trade day and cash on a T+1 basis. Although the Sub-Fund may have settlement arrangements in place with brokers different from A share settlement cycle, the deliveries of SZSE Securities and payments therefor may not be simultaneous.

(ix) Participation in corporate actions and shareholders’ meetings:

- HKSCC will keep the Central Clearing and Settlement System established and operated by HKSCC (“CCASS”) participants informed of corporate actions of SZSE Securities. Hong Kong and overseas investors (including the Sub-Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SZSE Securities may be as short as one Business Day only. Therefore, the Sub-Fund may not be able to participate in some corporate actions in a timely manner.

- Hong Kong and overseas investors (including the Sub-Fund) are holding SZSE Securities traded via Shenzhen-Hong Kong Stock Connect through their brokers or custodians. According to existing Mainland practice, multiple proxies are not available. Therefore, the Sub-Fund may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SZSE Securities.

(x) Regulatory risk:

- Shenzhen-Hong Kong Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under Shenzhen-Hong Kong Stock Connect.

- It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that Shenzhen-Hong Kong Stock Connect will not be abolished. The Sub-Fund, which may invest in the PRC market through Shenzhen-Hong Kong Stock Connect, may be adversely affected as a result of such changes.

(xi) Foreign exchange / currency conversion risk:

The Sub-Fund may be subject to exchange rate fluctuations between Hong Kong dollars and RMB (specifically offshore RMB (CNH) or onshore RMB (CNY)) given that the Sub-Fund is denominated in Hong Kong dollars, but the SZSE Securities acquired via Shenzhen-Hong Kong Stock Connect are denominated in CNH. Share securities acquired through QI (in relation to the underlying A shares to which the relevant ELIs are linked) are denominated in CNY, while the cash holding of the Sub-Fund could be in either RMB or Hong Kong dollars. The Sub-Fund may also be subject to bid/offer spread and currency conversion costs when converting to and from Hong Kong dollars and RMB.

(c) RMB Currency and Conversion Risks

Underlying investments of the Sub-Fund may be denominated in currencies (i.e. RMB (specifically CNH or CNY)) other than the base currency of the Sub-Fund (i.e. HKD). The Net Asset Value of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

RMB is currently not freely convertible and is subject to policies of exchange controls and repatriation restrictions imposed by the Chinese government. Conversion between RMB and other currencies is also subject to policy restrictions relating to RMB and the relevant regulatory requirements in Hong Kong. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. There is no guarantee that RMB will not depreciate or RMB will not be subject to devaluation. Any depreciation or devaluation of RMB could adversely affect the value of the investors' investments in the Sub-Fund. Although CNH and CNY are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

(d) Concentration Risk

The investments of the Sub-Fund mainly focus on the economic growth or development of the PRC, thereby increasing its vulnerability to the economic, political or regulatory or tax developments of a single country. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. 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 PRC market.

(e) Emerging Market / PRC Market Risk

Investing in the securities relating to China is subject to the risks of investing in emerging markets generally and the risks specific to the China market in particular.

Investment in an emerging market, such as the PRC involves special risks and considerations. The Sub-Fund may be subject to risks in relation to economic, political, social and regulatory development in the PRC. These risks include the possibility of: more volatile financial markets, price volatility, smaller capital markets, less developed economic, political and social conditions and policies, less developed clearance and settlement systems and procedures, greater risks in relation to foreign exchange and liquidity, nationalisation, expropriation, government control and intervention and different accounting standards, etc.. All these may have an adverse impact on performance of the Sub-Fund.

The Sub-Fund may be subject to the economic, political and social development risks in the PRC. Although in recent years the PRC has experienced substantial economic reform, the PRC government's regulatory and legal framework for securities markets is still developing as compared to the systems in place in more mature markets.

The value of the Sub-Fund's assets may be affected by uncertainties or changes in government policies, promulgation of foreign currency and monetary policies and tax regulations. Such measures may have associated impact on the economy or financial markets of the PRC.

Companies in Mainland China are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

The Chinese government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the Sub-Fund. Furthermore, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may have an adverse impact on the performance or value of the Sub-Fund.

The clearance and settlement systems and procedures in Mainland China may be less developed. There may have times when clearance and settlements are unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Problems with clearance and settlement may affect the value and liquidity of the Sub-Fund. The inability of the Sub-Fund to make intended securities purchases due to clearance and settlement problems may result in the Sub-Fund losing investment opportunities. Inability to dispose of a portfolio security caused by such problems could result either in losses to the Sub-Fund due to subsequent declines in value of the portfolio security or, if the Sub-Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

(f) Equity Market Risk

The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value.

(g) Risk associated with High Volatility of the Equity Market in Mainland China

Investing in equity securities like H shares, shares of companies or ETFs listed on the SEHK, A shares and B shares may be associated with higher risks because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies.

High market volatility and potential settlement difficulties in the Mainland China equity market may result in significant fluctuations in the prices of the securities traded on such market and thereby may have an adverse impact on the prices of PRC securities in which the Sub-Fund invests or the price of the ELIs held by the Sub-Fund and thereby may adversely affect the value of the Sub-Fund.

(h) Risk associated with Regulatory/Exchanges Requirements/ Policies of the Equity Market in Mainland China

The stock exchanges in the PRC on which A shares and B shares are traded are relatively at a developing stage and the choice of investments in the A share and B share markets is limited as compared with other developed securities markets. Their trading volumes may be much lower than those in developed markets. Potential volatility and illiquidity of the A share and B share markets may have an adverse impact on the prices of PRC securities in which the Sub-Fund invests or the price of the ELIs held by the Sub-Fund.

Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Fund.

(i) Risk relating to Investment in ELIs

Illiquidity risk: ELIs linked to one or a basket of A shares are usually subject to the terms and conditions imposed by the ELI issuer. If the Sub-Fund invests in ELIs which are not listed or quoted on a market, such investment can be highly illiquid as there may not be an active market for the ELIs. Even if the ELIs are quoted, there is no assurance that there will be an active market for them and therefore investment in these ELIs can also be highly illiquid. In order to meet realization requests, the issuer will have to act as a market maker and re-purchase the ELIs. In unwinding the ELIs, the ELI issuer will quote a price that will reflect the market liquidity conditions and the prices of the underlying securities, and the Sub-Fund may only rely upon such price in the unwinding transactions.

Potential lack of economic benefits of underlying A shares: Depending on the terms of the ELIs, investment in an ELI may not entitle the Sub-Fund to capture all the economic benefits (such as dividend or other rights) associated with the underlying A shares.

Repatriation risk: ELIs issued by institutions with the QI (or the then QFII) status will be subject to the restrictions imposed in respect of repatriation of funds. ELIs may be restricted from withdrawing funds from its account with the QI (or the then QFII) holder until and unless the QI (or the then QFII) holder as a whole is permitted to repatriate its funds under the QI (or the then QFII) rules and regulations. It may, therefore, not be possible for ELIs to repatriate funds from the PRC, or it may require government consent to do so, hence may adversely affect the Sub-Fund's liquidity and performance. Furthermore, investments in the A share market through the ELIs may be subject to other limitations, such as the control of currency conversion which may also result in difficulties in the repatriation of funds. These may restrict the Sub-Fund's performance and its ability to meet realization requests. In order to meet a substantial redemption request, the Sub-Fund may need to sell investments other than the ELIs or even suspend the determination of the Net Asset Value and dealing of the Sub-Fund.

Valuation risk: Valuation of the ELIs may be performed by the issuer or independent third parties, in accordance with the terms of the ELIs. Investors should note that different ELI issuers may have different terms for the ELI and may have varying valuation principles. Generally, valuation will be based on, among other factors, the closing price of the relevant A shares underlying the ELI. If the ELI is not denominated in RMB, the value of the ELI may also be subject to the foreign exchange conversion between RMB and the currency in which the ELI is denominated. Valuation of the ELIs may also involve the imposition of any bid and offer spread or any other charges by the issuer. Valuation uncertainties such as foreign exchange conversion risk, bid and offer spread and other charges could have an adverse effect on the Net Asset Value of the Sub-Fund.

Credit risk: As the Sub-Fund will invest in ELIs, performance of the Sub-Fund may be adversely affected if the issuer of the ELIs defaults due to a credit or liquidity problem. If any one of the ELIs issuers fails to perform its obligations under the ELIs, the Sub-Fund may suffer losses which may be equal to the full value of investment in such ELIs.

An ELI issuer must meet the following criteria: (i) it or the guarantor of the relevant ELI (as the case may be) must have a credit rating acceptable to the Manager (taking into account factors such as the prevailing market conditions, the credit ratings of other entities with comparable financial standing and the credit rating of the holding company of the relevant counterparty); and (ii) it or the guarantor of the relevant ELI (as the case may be) must be an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of the 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. A member company of a group including a commercial bank supervised by a regulator in a jurisdiction acceptable to the Manager.

QI risk: Given that the issuance of the ELIs depends on the ability of the QI to buy and sell A shares, any restrictions or any changes in laws and regulations imposed by the PRC government on QI's operations may adversely affect the issuance of ELIs. If the QI status of the relevant QI is revoked, the relevant ELI issuer may cease to be under an obligation to extend the duration of the ELIs or to issue further ELIs. This may have impact on the Sub-Fund's ability to achieve its investment objective.

Investors should also note that the above risks relating to ELIs will increase as the Sub-Fund's investment through ELIs in the A share market increases.

(j) Risks relating to Investment in ETFs

Investors should note that the market price of the units of an ETF traded on the SEHK is determined not only by the Net Asset Value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the SEHK. Therefore, there is a risk that the market price of the units of the ETF traded on the SEHK may diverge significantly from the Net Asset Value of the ETF.

An ETF's returns may deviate from the index to which it is tracking due to a number of factors. For example, the fees and expenses of an ETF, the need for the manager of an ETF to adopt a representative sampling strategy, rounding of share prices, changes to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index. Further, an ETF may receive income (such as interests and dividends) from its assets while the tracking index does not have such sources of income.

An ETF is not actively managed. The manager of an ETF may not take an active role in defending the position of the ETF in declining markets. Hence, any fall in the relevant index will result in a corresponding fall in the value of the ETF.

There can be no assurance that an active trading market in respect of the units of an ETF will be developed or maintained.

(k) PRC Tax Risk

Various tax reforms have been implemented by the PRC government in recent years. There can be no assurance that these existing tax laws will not be revised or abolished. The Sub-Fund may be subject to withholding and various other taxes imposed in Mainland China. Any changes in tax policies may affect adversely the performance of companies in the PRC or companies with activities closely related to the economic development and growth of the PRC.

1 Corporate Income Tax ("CIT")

1.1 Investing in A shares

a) Capital Gains

Under the prevailing PRC CIT Law, gains derived by a non-resident from the trading of A shares would be subject to PRC withholding income tax ("WHT") unless exempted under tax law and/or an applicable tax treaty.

Under the terms of the ELIs, the QI (or the then QFII) being the issuer of the ELIs held by the Sub-Fund will pass on this potential tax liability to the Sub-Fund in the form of a WHT. The Sub-Fund is the ultimate party which will bear the potential WHT liability in respect of ELIs held by the Sub-Fund. If WHT is levied, it shall be deducted from the value of the ELIs and this will have an impact on the Net Asset Value of the Sub-Fund.

Pursuant to Caishui [2014] No. 79 – The Circular Concerning the issue of temporary exemption from the imposition of capital gain tax arising from gains from the transfer of equity investment assets such as PRC domestic shares by QFII and RQFII ("Circular 79") issued by the Ministry of Finance of the PRC ("MOF"), the State Administration of Taxation of the PRC ("SAT") and the CSRC on 14 November 2014, effective from 17 November 2014, capital gains derived by a QFII or RQFII (i.e. QI under the prevailing QI rules and regulations) from trading of A shares are temporarily exempted from WHT, provided the capital gains are not effectively connected with any permanent establishment ("PE") (if any) that the then QFII or RQFII (or currently the QI) has in China; such exemption, however, will not apply to capital gains derived by the then QFII or RQFII from transactions prior to 17 November 2014.

Pursuant to "Caishui [2016] No. 127 – The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets" ("Circular 127"), effective from 5 December 2016, Hong Kong market investors, both enterprises and individuals, investing in A shares via Shenzhen-Hong Kong Stock Connect are temporarily exempted from income tax on capital gains derived from the sales of A shares traded in the SZSE.

According to Circular 127, the latest capital gain tax provisioning approach is as follows:

Based on professional and independent tax advice, the Sub-Fund currently will not set aside any capital gain tax provision derived from the gains from trading of A shares by a QI (or the then QFII) in relation to the underlying A shares to which the relevant ELIs are linked and by the Sub-Fund in investing in A shares via Shenzhen-Hong Kong Stock Connect.

The Manager will assess the capital gain tax provisioning approach on an on-going basis. Should the PRC tax policies in respect of the capital gain tax change, the Manager may decide to set aside a provision to meet any potential capital gain tax liability in the future.

Prospective investors should consult their independent tax advisors regarding the possible implications of capital gain tax on an investment in the Sub-Fund.

b) Dividend income

To date, a 10% PRC withholding tax has been levied on dividends, distributions and interest payments from PRC listed companies to foreign investors. The PRC resident enterprises making the dividend distribution should be the withholding agent on the tax, but the QI (or the then QFII) is the taxpayer of such tax. If the distributing company fails to withhold, then the QI (or the then QFII) will need to pay the tax on its own.

As such, the QI (or the then QFII) (in relation to the underlying A shares to which the relevant ELIs are linked) being the issuer of the ELIs held by the Sub-Fund will also pass on this distribution tax liability to the Sub-Fund in the form of a WHT. Therefore, the QI (or the then QFII) and the Sub-Fund in investing A shares directly via Shenzhen-Hong Kong Stock Connect would be subject to a WHT of 10% on all cash dividends payment or cash proceeds which were referable to dividends or distributions arising from A shares. There is no assurance that the rate of the WHT will not be changed by the relevant PRC tax authority in the future.

1.2 Investing in B shares, H shares, red-chip companies and shares of companies listed on SEHK

a) Capital Gains

Under the prevailing PRC CIT Law and regulations, capital gains derived by a non-resident from disposal of B shares and H shares could be subject to WHT at 10%, but under current practice no WHT is imposed on non-residents where both the purchase and sales of the B shares and H shares are via the stock exchange market. Capital gains derived by a non-resident from disposal of red-chip companies and shares of companies listed on SEHK would not be subject to WHT unless the listed company is classified by the PRC tax authority as a PRC resident enterprise.

b) Dividend income

Similar to A shares, dividend and interest income derived from investment in B shares, H shares or certain shares of companies listed on SEHK (that have been classified by the PRC tax authorities as a PRC resident enterprise) by the Sub-Fund would be subject to the WHT at 10% imposed by the PRC tax authorities which may reduce the income from the Sub-Fund and will have an impact on the performance of the Sub-Fund.

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

In China, business tax was completely replaced by VAT starting from May 1, 2016. QI (or the then QFIIs) are exempted from VAT on securities trading activities in China according to Caishui [2016] No. 36. According to Circular 127, the Sub-Fund is exempted from VAT on A share trading through Shenzhen-Hong Kong Stock Connect. However, there is no clear rule on whether there is VAT exemption if the Sub-Fund invests in B shares. Thus, there may be VAT imposed on the Sub-Fund for trading of B shares. The H share transaction, red-chip companies transaction and other kinds of offshore shares transaction should not be subject to VAT.

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

3 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. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of A shares and B shares traded on the PRC stock exchanges. In the case of contracts for sale of A shares and B shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

Under prevailing PRC tax rules, there is no clear stipulation on the stamp duty treatment on the contracts for the sale of H shares, but under current practice generally no stamp duty is imposed on non-residents for trading of H shares.

According to Circular 127, Hong Kong and overseas investors borrows and returns listed shares in relation to shares guarantee and short-selling through Shenzhen-Hong Kong Stock Connect, will be exempted from stamp duty from 5 December 2016.

4 Tax Provision

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Since the Sub-Fund is the ultimate party which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund's returns. In case there is any uncertainty, the Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not reflect the exact extent of PRC tax liabilities. As a result, investors may be disadvantaged or advantaged, depending on the final outcome of any tax liability. If the actual applicable tax rate levied by the PRC tax authorities is more than the provision made, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the anticipated percentage of the provision as the Sub-Fund will have to bear the additional tax liabilities. There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Although the relevant authorities have announced that CIT, VAT and individual income tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of A shares through Shenzhen-Hong Kong Stock Connect, dividends from A shares paid to Hong Kong and overseas investors will continue to be subject to 10% PRC WHT and the company distributing the dividend has the withholding obligation. Further, investors should note that the tax exemption on gains derived from trading of A shares via Shenzhen-Hong Kong Stock Connect under Circular 127 was granted on a temporary basis and there is no assurance that the Sub-Fund will continue to enjoy the tax exemption over a long period of time. It is possible that any future announcement by the PRC tax authority may subject the Sub-Fund to unforeseen tax obligations, which may have retrospective effect.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(l) Derivative Instruments Risk

Other than investment in ELIs for non-hedging purposes, the Sub-Fund may use derivatives (e.g. forward contracts) for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. Derivative instruments may involve an embedded leverage which can result in a loss significantly greater than the amount invested in derivatives by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.

(m) Risk in relation to Distribution

The Manager retains the absolute discretion to determine or vary the frequency and dates for distribution. Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.

(n) Potential Conflicts of Interest

The Sub-Fund may invest in ETFs and/or CISs managed by the Manager and this may give rise to potential conflicts of interests. All initial charges (if any) on the underlying ETFs must be waived. The Manager may not obtain a rebate on any fees or charges levied by such underlying ETFs.

Also, the Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager of the Sub-Fund. Furthermore, the Manager and the Trustee are affiliated. Situation may arise where there are conflicts of interest between such entities. If such conflict arises, each of the Manager and the Trustee will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

For information relating to conflicts of interest, please refer to the sub-section headed "Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions" on pages 38 to 39 of the Explanatory Memorandum.

(o) Risk of Early Termination

As summarised under the sub-section headed "Termination of a Sub-Fund" on page 41 of the Explanatory Memorandum, the Manager may (subject to the prior approval of the SFC) terminate any Sub-Fund under certain circumstances. In the event of early termination of the Sub-Fund, the Sub-Fund would have to distribute to the Unitholders in proportion to their respective interests in the Sub-Fund all net cash proceeds derived from the redemption of the Sub-Fund and available for the purposes of such distribution in accordance with the Trust Deed. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of investment, resulting in a substantial loss to the Unitholders. Moreover, any costs and expenses with regard to the Sub-Fund that have not yet become fully amortised will be debited against the Sub-Fund's net assets at that time. Any amount distributed to the Unitholders of the Sub-Fund may be more or less than the capital invested by such Unitholders.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Risk Management Policies

In accordance with the investment objectives and policies of the Sub-Fund, the Manager may invest in ELIs. The Manager will seek to:

(a) acquire ELIs with reputable market counterparty with investment grade credit ratings to minimize the default and credit risks;
(b) gather confirmed market news so as to assess the financial soundness of the issuers of the ELIs;
(c) conduct review on the economic developments, investment policies for foreign investors and regulatory measures of the PRC, the market of the underlying equities of ELIs, in order to monitor relevant risks to investment in ELIs;
(d) consider making tax provisions on investment in ELIs, if applicable, in order to mitigate relevant risk to the potential liability of the capital gain tax which may be levied by the PRC tax authority.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed "Investment and Borrowing Restrictions" on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Different classes of Units may be offered for a 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 have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ. The Manager may levy an initial charge on the issue of Class A Units of the Sub-Fund. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 15 below.

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during the initial offer period (the "**Initial Period**") which has already been closed. All Units are denominated in HK Dollars.

The Class A Units were offered at an issue price of HK$10.00 per Unit (exclusive of any applicable initial charge). The Manager may levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the "Fees and Expenses" section on page 15 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Period, Units will be issued on the close of the Initial Period.

If the total subscription of the Sub-Fund as at the closing date of Initial Period is less than HK$50 million, the Manager may exercise its discretion not to issue any Units of the Sub-Fund as at the close of the Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three (3) Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in HK Dollars within seven (7) Business Days after the expiry of Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Class A Units of the Sub-Fund on a Dealing Day will be calculated by reference to the Sub-Fund's Net Asset Value per Unit as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the "Fees and Expenses" section on page 15 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A Units are currently available for subscriptions.

Unless otherwise allowed under the "Regular Savings Plan" section on page 14 below, the minimum amount of each subscription in Class A Units of the Sub-Fund during and after the Initial Period shall be HK$10,000, inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A Units of the Sub-Fund if, after redemption, the Unitholder's holding of Class A Units of the Sub-Fund falls below HK$10,000.

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD", and crossed "A/C Payee Only, Not Negotiable" or by telegraphic or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C No: 012-875-0-044596-0

Subscription monies must be paid in HK Dollars.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in HK Dollars to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

No Unitholder shall be entitled to realize part only of his holding of Class A Units of the Sub-Fund if (i) such redemption would result in his holding of Class A Units of the Sub-Fund after redemption being less than HK$10,000; or (ii) the amount of proceeds realized from Class A Units of the Sub-Fund is less than HK$10,000. However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will normally be paid in HK Dollars.

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of HK Dollar (and in the case of 0.00005 of a HK Dollar, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution Policy

In respect of the Sub-Fund, the Manager intends to declare distributions to Unitholders on a quarterly basis, by the end of March, June, September and December respectively. The quarterly distributions may not be made equally.

At least one (1) month's prior notice will be given to Unitholders if there is any change in the frequency for distributions.

The Manager will normally make distributions out of net income received or receivable by the Sub-Fund. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that such distributions be paid out of the capital of the Sub-Fund, or the Manager may, in its discretion, pay distributions out of its 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, resulting 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. This may reduce the capital that the Sub-Fund has available for investment in future and may constrain capital growth.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.

The Manager has the discretion to determine if and to what extent distributions will be paid out of capital. No distributions will be paid by the Sub-Fund if the capital of the Sub-Fund is insufficient to pay the distributions.

The amount of distributions (if any) may go up or go down. The Manager has discretion as to whether or not to make any distributions for the Sub-Fund. The Manager also has the sole and absolute discretion to determine or vary the frequency and dates for distributions. However, there is no guarantee as to whether or not distributions will be made and the amount of distributions to be paid. Investors should also note that there is no guarantee of regular distribution payments during the period investors hold the Units of the Sub-Fund.

The compositions of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website (www.boci-pru.com.hk). Information contained in the website of the Manager has not been reviewed by the SFC.

The Manager may amend the distribution policy subject to SFC's prior approval (where applicable) and normally by giving not less than one (1) month's prior notice to Unitholders.

Fees and Expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for each Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant Sub-Fund. The current management fee for Class A Units of the Sub-Fund is 1.8% of its Net Asset Value per annum. The maximum management fee for Class A Units of the Sub-Fund is 2% of its Net Asset Value per annum.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrued on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of Class A Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching Fee *(express as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1% * (For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

(iii) Fees Payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value of the Sub-Fund. The current level of Trustee Fee is as follows:

- 0.125% per annum on the first HK$200 million of the Net Asset Value
- 0.10% per annum on the next HK$200 million of the Net Asset Value
- 0.0875% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to "Charges and Expenses" section on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other Charges and Expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund is from the close of its Initial Period to 31 December 2017.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

Appendix

Shenzhen-Hong Kong Stock Connect

Shenzhen-Hong Kong Stock Connect is a securities trading and clearing linked program developed by SEHK, SZSE, CSDCC and HKSCC, with an aim to achieve mutual stock market access between Mainland China and Hong Kong. Shenzhen-Hong Kong Stock Connect was launched on 5 December 2016. The SZSE was established on 1 December 1990. As at 17 November 2016, there was a total of 1839 listed companies and total market capitalization of approximately RMB 23.54 trillion.

Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link of Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Sub-Fund), through their Hong Kong brokers and a securities trading service company to be established by the SEHK, may be able to trade eligible shares listed on the SZSE (i.e. SZSE Securities) by routing orders to SZSE.

SZSE Securities include all the constituent stocks from time to time of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalization of not less than RMB 6 billion, and all the SZSE-listed A shares which have corresponding H shares listed on SEHK, except the following:

(a) SZSE-listed shares which are not traded in RMB; and
(b) SZSE-listed shares which are under risk alert or under delisting arrangement.

The latest full list of SZSE Securities will be shown on the HKEx website. It is expected that the list of eligible securities will be subject to review. Latest information about SZSE Securities is available at the website: http://www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en.

At the initial stage of Shenzhen-Hong Kong Stock Connect, shares listed on the ChiNext Board of SZSE under Northbound Trading Link will be limited to institutional professional investors (which the Sub-Fund will qualify as such). Subject to resolution of related regulatory issues, other investors may subsequently be allowed to trade such shares.

Trading under Shenzhen-Hong Kong Stock Connect is currently subject to a Daily Quota which is monitored by SEHK and SZSE respectively. The Daily Quota limits the maximum net buy value of cross-boundary trades under Shenzhen-Hong Kong Stock Connect each day. The quota does not belong to the Sub-Fund and is on a first-come-first-serve basis. The Northbound Daily Quota is set at RMB13 billion for Shenzhen-Hong Kong Stock Connect.

SEHK will monitor the quota and publish the remaining balance of the Northbound Daily Quota at scheduled times on the HKEx website at www.hkex.com.hk. The Daily Quota may change in future. The Manager will not notify investors in case of a change of quota.

The HKSCC, a wholly-owned subsidiary of HKEx, will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The A shares traded through Shenzhen-Hong Kong Stock Connect are issued in scripless form, so investors will not hold any physical A shares. Hong Kong and overseas investors who have acquired SZSE Securities through Northbound trading should maintain the SZSE Securities with their brokers' or custodians' stock accounts with CCASS.

Further information about Shenzhen-Hong Kong Stock Connect is available online at the website: http://www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en.

NINTH TERM SHEET TO
BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP China-A Small and Mid Cap Fund (the "Sub-Fund")

This Ninth Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Ninth Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund, the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund, the Fourth Term Sheet in respect of the BOCIP Flexi HKD Income Fund, the Fifth Term Sheet in respect of the BOCIP China Wealth Fund, the Sixth Term Sheet in respect of the BOCIP Hong Kong Value Fund, the Seventh Term Sheet in respect of the BOCIP China Health Care Fund and the Eighth Term Sheet in respect of the BOCIP Hong Kong Low Volatility Equity Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 31 October 2016 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Ninth Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Ninth Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Ninth Term Sheet shall prevail. Terms used in this Ninth Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is an equity fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund seeks to provide investors with long-term capital appreciation by investing primarily in securities issued by or linked to small and medium capitalisation companies which activities and business are closely related to the economy of the People's Republic of China ("PRC").

The Manager selects companies with market capitalisation below the mean market capitalisation of the particular sector that the company is classified into. For the purpose of management of the Sub-Fund, companies that the Sub-Fund will invest in are classified, based on the Manager's in-house sector classification methodology, into different sectors, such as consumer discretionary, consumer staples, energy, financials, health care, industrials, information technology, materials, communication services, utilities and real estate sectors.

At least 70% of the Sub-Fund's non-cash assets will be invested in A shares directly through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect.

Up to 100% of the Net Asset Value of the Sub-Fund may be invested in the Small and Medium Enterprise ("SME") board and/or the ChiNext market of the Shenzhen Stock Exchange ("SZSE").

Up to 30% of the Net Asset Value of the Sub-Fund may be invested in (a) A shares indirectly through equity linked instruments ("ELIs") issued by institutions or their affiliates with Qualified Foreign Investors/ Qualified Investors or QI ("QI") status in the PRC and/or through investment in SFC authorised collective investment schemes ("CISs") (including CISs managed by the Manager)) and/or through investment in exchange traded funds ("ETFs") listed on the SEHK (which may be physical or synthetic ETFs) (including ETFs managed by the Manager); (b) equity securities listed on the SEHK, including H shares, red-chip companies, ETFs (including ETFs managed by the Manager); and/or (c) securities that are listed or quoted in other recognized stock exchanges outside PRC and Hong Kong, such as in the form of American Depository Receipts ("ADRs"). Qualified Foreign Investors/ Qualified Investors or "QI" refers to foreign institutional investors who are approved as such, including qualified foreign institutional investors ("QFIIs") or RMB qualified foreign institutional investors ("RQFIIs") previously approved, by the China Securities Regulatory Commission ("CSRC") to invest in the PRC securities and futures markets with funds raised overseas.

The ELIs will be held by the Trustee of the Sub-Fund and will be linked to one or a basket of A shares. The ELIs that are to be invested by the Sub-Fund are expected to be quoted on Bloomberg or Reuters and will be issued by institutions or their affiliates with QI status. If the Sub-Fund invests in ELIs which are not listed or quoted or dealt in on a market (market means any stock exchange, over-the-counter ("OTC") market or other organized securities market that is open to the international public and on which such securities are regularly traded), the Sub-Fund's investment therein will not exceed 15% of its latest available Net Asset Value.

The Sub-Fund's gross risk exposure to each ELI issuer will not exceed 10% of its Net Asset Value.

Other than ELIs as mentioned in the previous paragraphs which will be used for investment purposes, the Sub-Fund will only invest in structured deposits or structured products or other financial derivative instruments for hedging purposes only.

The Sub-Fund's investment in each ETF will not exceed 10% of its Net Asset Value.

The Sub-Fund may invest up to 10% of its Net Asset Value in B shares listed on the stock exchanges in Mainland China.

The following is an indicative investment allocation with respect to the Sub-Fund's investment. Investors should note that this allocation may change in light of prevailing market conditions.

Type of Investment	***Indicative investment allocation (as a % of the Sub-Fund's Net Asset Value)***
A shares (direct investment through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect)	70% - 100%
A shares (indirect investment through ELIs and/or CISs (including CISs managed by the Manager) and/or ETFs listed on the SEHK (which may be physical or synthetic ETFs)(including ETFs managed by the Manager)); and/or equity securities listed on the SEHK (including H shares, red-chip companies and ETFs (including ETFs managed by the Manager)); and/or ADRs	0% - 30%
B shares	0% - 10%

The Sub-Fund will not invest in debt instruments or bonds.

Cash or deposits may be considered when appropriate.

The Manager has no intention to enter into securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve) engage in securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund may increase its cash or cash equivalent holdings (including time deposits and money market instruments) (up to 100%) under exceptional circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in equity markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund is denominated in Hong Kong dollars.

Risk Factors and Risk Management Policies

<u>Risk Factors</u>

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum, including general investment risk, political, economic and social risks, market risk, emerging market risk, risk relating to accounting standards and disclosure, currency risk, foreign exchange risk, securities risk, equity market risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, potential conflicts of interest, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime, generally apply to the Sub-Fund. Since the Sub-Fund involves investments in Mainland China, investors should also note risks associated with high volatility of the equity market in Mainland China and risk associated with regulatory/exchanges requirements/ policies of the equity market in Mainland China. Since the Sub-Fund has direct investment in A shares via Shanghai and Shenzhen Connect, investors should also note risks associated with Shanghai and Shenzhen Connect. Since the Sub-Fund has investments denominated in RMB or exposure to RMB currency, investors should also note (i) Foreign Exchange and RMB Currency and Conversion Risks; and (ii) Risk relating to Redemption and/or Distribution Payments (if any).

In addition to those general risk factors, investors should also note the following risks:

(a) Risk associated with the SME board and/or ChiNext market

The Sub-Fund may invest up to 100% of its Net Asset Value in the SME board and/or the ChiNext market of the SZSE via Shenzhen-Hong Kong Stock Connect. Such investments may result in significant losses for the Sub-Fund and its investors. The following risks apply:

(i) Higher fluctuation on stock prices – Listed companies on the SME board and/or ChiNext market are usually of emerging nature with smaller operating scale. Hence, they are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE.

(ii) Over-valuation risk – Stocks listed on the SME board and/or ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

(iii) Delisting risk – It may be more common and faster for companies listed on the SME board and/or ChiNext to delist. This may have an adverse impact on the Sub-Fund if the companies that it invests in are delisted.

(iv) Differences in regulations – The rules and regulations regarding securities in the ChiNext market are less stringent in terms of profitability and share capital than those in the main board and SME board.

(b) Currency Risk

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

Also, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

(c) Risk associated with Small-Capitalisation and Mid-Capitalisation Companies

Investing in smaller and medium sized companies may involve greater risk than investing in larger, more established companies. For example, small- and mid-capitalisation companies may have limited product lines, markets and financial or managerial resources. As a result, price movements in securities of small-capitalisation and mid-capitalisation companies may be more volatile. The stocks of smaller companies are traded less frequently and in lower volumes than those of larger companies and this may contribute to greater stock price volatility. Transaction costs in securities of small-capitalisation and mid-capitalisation companies can be higher than those of larger capitalisation companies and there may be less liquidity.

In addition, the quality, reliability, and availability of information for smaller to mid-capitalisation companies may not provide the same degree of information and may be less transparent than investors would generally expect from large-capitalisation companies. Rules regulating corporate governance may be underdeveloped or less stringent than regulations applicable to large-capitalisation companies which may increase investment risk and offer little protection to investors.

(d) Concentration Risk

The investments of the Sub-Fund mainly focus on the economic growth or development of the PRC, thereby increasing its vulnerability to the economic, political or regulatory or tax developments of a single country. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

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 market in the PRC.

(e) Emerging Market / PRC Market Risk

Investing in the securities relating to China is subject to the risks of investing in emerging markets generally and the risks specific to the China market in particular.

Investment in an emerging market, such as the PRC involves special risks and considerations. The Sub-Fund may be subject to risks in relation to economic, political, social and regulatory development in the PRC. These risks include the possibility of: more volatile financial markets, price volatility, smaller capital markets, less developed economic, political and social conditions and policies, less developed clearance and settlement systems and procedures, greater risks in relation to foreign exchange and liquidity, nationalisation, expropriation, government control and intervention and different accounting standards, etc.. All these may have an adverse impact on performance of the Sub-Fund.

The Sub-Fund may be subject to the economic, political and social development risks in the PRC. Although in recent years the PRC has experienced substantial economic reform, the PRC government's regulatory and legal framework for securities markets is still developing as compared to the systems in place in more mature markets.

The value of the Sub-Fund's assets may be affected by uncertainties or changes in government policies, promulgation of foreign currency and monetary policies and tax regulations. Such measures may have associated impact on the economy or financial markets of the PRC.

Companies in Mainland China are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

The Chinese government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the Sub-Fund. Furthermore, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may have an adverse impact on the performance or value of the Sub-Fund.

The clearance and settlement systems and procedures in Mainland China may be less developed. There may have times when clearance and settlements are unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Problems with clearance and settlement may affect the value and liquidity of the Sub-Fund. The inability of the Sub-Fund to make intended securities purchases due to clearance and settlement problems may result in the Sub-Fund losing investment opportunities. Inability to dispose of a portfolio security caused by such problems could result either in losses to the Sub-Fund due to subsequent declines in value of the portfolio security or, if the Sub-Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

(f) Equity Market Risk

The Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value.

(g) Risk associated with High Volatility of the Equity Market in Mainland China

Investing in equity securities like H shares, shares of companies or ETFs listed on the SEHK, A shares and B shares may be associated with higher risks because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies.

High market volatility and potential settlement difficulties in the Mainland China equity market may result in significant fluctuations in the prices of the securities traded on such market and thereby may have an adverse impact on the prices of PRC securities in which the Sub-Fund invests or the price of the ELIs held by the Sub-Fund.

(h) Risk associated with Regulatory/Exchanges Requirements/ Policies of the Equity Market in Mainland China

The stock exchanges in the PRC on which A shares and B shares are traded are relatively at a developing stage and the choice of investments in the A share and B share markets is limited as compared with other developed securities markets. Their trading volumes may be much lower than those in developed markets. Potential volatility and illiquidity of the A share and B share markets may have an adverse impact on the prices of PRC securities in which the Sub-Fund invests or the price of the ELIs held by the Sub-Fund.

Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Fund.

(i) Risk relating to Investment in ELIs

Illiquidity risk: ELIs linked to one or a basket of A shares are usually subject to the terms and conditions imposed by the ELI issuer. If the Sub-Fund invests in ELIs which are not listed or quoted on a market, such investment can be highly illiquid as there may not be an active market for the ELIs. Even if the ELIs are quoted, there is no assurance that there will be an active market for them and therefore investment in these ELIs can also be highly illiquid. In order to meet realization requests, the issuer will have to act as a market maker and re-purchase the ELIs. In unwinding the ELIs, the ELI issuer will quote a price that will reflect the market liquidity conditions and the prices of the underlying securities, and the Sub-Fund may only rely upon such price in the unwinding transactions.

Potential lack of economic benefits of underlying A shares: Depending on the terms of the ELIs, investment in an ELI may not entitle the Sub-Fund to capture all the economic benefits (such as dividend or other rights) associated with the underlying A shares.

Repatriation risk: ELIs issued by institutions with the QI (or the then QFII) status will be subject to the restrictions imposed in respect of repatriation of funds. ELIs may be restricted from withdrawing funds from its account with the QI (or the then QFII) holder until and unless the QI (or the then QFII) holder as a whole is permitted to repatriate its funds under the QI (or the then QFII) rules and regulations. It may, therefore, not be possible for ELIs to repatriate funds from the PRC, or it may require government consent to do so, hence may adversely affect the Sub-Fund's liquidity and performance. Furthermore, investments in the A share market through the ELIs may be subject to other limitations, such as the control of currency conversion which may also result in difficulties in the repatriation of funds. These may restrict the Sub-Fund's performance and its ability to meet realization requests. In order to meet a substantial redemption request, the Sub-Fund may need to sell investments other than the ELIs or even suspend the determination of the Net Asset Value and dealing of the Sub-Fund.

Valuation risk: Valuation of the ELIs may be performed by the issuer or independent third parties, in accordance with the terms of the ELIs. Investors should note that different ELI issuers may have different terms for the ELI and may have varying valuation principles. Generally, valuation will be based on, among other factors, the closing price of the relevant A shares underlying the ELI. If the ELI is not denominated in RMB, the value of the ELI may also be subject to the foreign exchange conversion between RMB and the currency in which the ELI is denominated. Valuation of the ELIs may also involve the imposition of any bid and offer spread or any other charges by the issuer. Valuation uncertainties such as foreign exchange conversion risk, bid and offer spread and other charges could have an adverse effect on the Net Asset Value of the Sub-Fund.

Credit risk: As the Sub-Fund will invest in ELIs, performance of the Sub-Fund may be adversely affected if the issuer of the ELIs defaults due to a credit or liquidity problem. If any one of the ELIs issuers fails to perform its obligations under the ELIs, the Sub-Fund may suffer losses which may be equal to the full value of investment in such ELIs.

An ELI issuer must meet the following criteria: (i) it or the guarantor of the relevant ELI (as the case may be) must have a credit rating acceptable to the Manager (taking into account factors such as the prevailing market conditions, the credit ratings of other entities with comparable financial standing and the credit rating of the holding company of the relevant counterparty); and (ii) it or the guarantor of the relevant ELI (as the case may be) must be an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of the 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. A member company of a group including a commercial bank supervised by a regulator in a jurisdiction acceptable to the Manager.

QI risk: Given that the issuance of the ELIs depends on the ability of the QI to buy and sell A shares, any restrictions or any changes in laws and regulations imposed by the PRC government on QI's operations may adversely affect the issuance of ELIs. If the QI status of the relevant QI is revoked, the relevant ELI issuer may cease to be under an obligation to extend the duration of the ELIs or to issue further ELIs. This may have impact on the Sub-Fund's ability to achieve its investment objective.

Investors should also note that the above risks relating to ELIs will increase as the Sub-Fund's investment through ELIs in the A share market increases.

(j) Risks relating to Investment in ETFs

Investors should note that the market price of the units of an ETF traded on the SEHK is determined not only by the Net Asset Value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the SEHK. Therefore, there is a risk that the market price of the units of the ETF traded on the SEHK may diverge significantly from the Net Asset Value of the ETF.

An ETF's returns may deviate from the index to which it is tracking due to a number of factors. For example, the fees and expenses of an ETF, the need for the manager of an ETF to adopt a representative sampling strategy, rounding of share prices, changes to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index. Further, an ETF may receive income (such as interests and dividends) from its assets while the tracking index does not have such sources of income.

An ETF is not actively managed. The manager of an ETF may not take an active role in defending the position of the ETF in declining markets. Hence, any fall in the relevant index will result in a corresponding fall in the value of the ETF.

There can be no assurance that an active trading market in respect of the units of an ETF will be developed or maintained.

(k) PRC Tax Risk

Various tax reforms have been implemented by the PRC government in recent years. There can be no assurance that these existing tax laws will not be revised or abolished. The Sub-Fund may be subject to withholding and various other taxes imposed in Mainland China. Any changes in tax policies may affect adversely the performance of companies in the PRC or companies with activities closely related to the economic development and growth of the PRC.

1 Corporate Income Tax ("CIT")

1.1 Investing in A shares

a) Capital gains

Under the prevailing PRC CIT Law, gains derived by a non-resident from the trading of A shares would be subject to PRC withholding income tax ("WHT") unless exempted under tax law and/or an applicable tax treaty.

Under the terms of the ELIs, the QI (or the then QFII) being the issuer of the ELIs held by the Sub-Fund will pass on this potential tax liability to the Sub-Fund in the form of a WHT. The Sub-Fund is the ultimate party which will bear the potential WHT liability in respect of ELIs held by the Sub-Fund. If WHT is levied, it shall be deducted from the value of the ELIs and this will have an impact on the Net Asset Value of the Sub-Fund.

Pursuant to Caishui [2014] No. 79 – The Circular Concerning the issue of temporary exemption from the imposition of capital gain tax arising from gains from the transfer of equity investment assets such as PRC domestic shares by QFII and RQFII ("Circular 79") issued by the Ministry of Finance of the PRC ("MOF"), the State Administration of Taxation of the PRC ("SAT") and the CSRC on 14 November 2014, effective from 17 November 2014, capital gains derived by a QFII or RQFII (i.e. QI under the prevailing QI rules and regulations) from trading of A shares are temporarily exempted from WHT, provided the capital gains are not effectively connected with any permanent establishment ("PE") (if any) that the then QFII or RQFII (or currently the QI) has in China; such exemption, however, will not apply to capital gains derived by the then QFII or RQFII from transactions prior to 17 November 2014.

Pursuant to "Caishui [2014] No. 81 – The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets" ("Circular 81") and "Caishui [2016] No. 127 – The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets" ("Circular 127"), effective from 17 November 2014 and 5 December 2016 respectively, Hong Kong market investors, both enterprises and individuals, investing in A shares via Shanghai and Shenzhen Connect are temporarily exempted from income tax on capital gains derived from the sales of A shares traded in the SSE and SZSE.

According to Circular 81 and Circular 127, the latest capital gain tax provisioning approach is as follows:

Based on professional and independent tax advice, the Sub-Fund currently will not set aside any capital gain tax provision derived from the gains from trading of A shares by a QI (or the then QFII) in relation to which the underlying A shares to which the relevant ELIs are linked or by the Sub-Fund in investing in A shares via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect.

The Manager will assess the capital gain tax provisioning approach on an on-going basis. Should the PRC tax policies in respect of the capital gain tax change, the Manager may decide to set aside a provision to meet any potential capital gain tax liability in the future. Prospective investors should consult their independent tax advisors regarding the possible implications of capital gain tax on an investment in the Sub-Fund.

b) Dividend income

To date, a 10% PRC withholding tax has been levied on dividends, distributions and interest payments from PRC listed companies to foreign investors. The PRC resident enterprises making the dividend distribution should be the withholding agent on the tax, but the QI (or the then QFII) is the taxpayer of such tax. If the distributing company fails to withhold, then the QI (or the then QFII) will need to pay the tax on its own.

As such, the QI (or the then QFII) (in relation to the underlying A shares to which the relevant ELIs are linked) being the issuer of the ELIs held by the Sub-Fund will also pass on this distribution tax liability to the Sub-Fund in the form of a WHT. Therefore, the QI (or the then QFII) and the Sub-Fund in investing A shares directly via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect, would be subject to a WHT of 10% on all cash dividends payment or cash proceeds which were referable to dividends or distributions arising from A shares. There is no assurance that the rate of the WHT will not be changed by the relevant PRC tax authority in the future.

1.2 Investing in B shares, H shares, red-chip companies and shares of companies listed on SEHK

a) Capital gains

Under the prevailing PRC CIT Law and regulations, capital gains derived by a non-resident from disposal of B shares and H shares could be subject to WHT at 10%, but under current practice no WHT is imposed on non-residents where both the purchase and sales of the B shares and H shares are via the stock exchange market. Capital gains derived by a non-resident from disposal of red-chip companies and shares of companies listed on SEHK would not be subject to WHT unless the listed company is classified by the PRC tax authority as a PRC resident enterprise.

b) Dividend income

Similar to A shares, dividend and interest income derived from investment in B shares, H shares or certain shares of companies listed on SEHK (that have been classified by the PRC tax authorities as a PRC resident enterprise) by the Sub-Fund would be subject to the WHT at 10% imposed by the PRC tax authorities which may reduce the income from the Sub-Fund and will have an impact on the performance of the Sub-Fund.

2 Value-added Tax ("VAT") and Surtaxes

In China, business tax was completely replaced by VAT starting from May 1, 2016. QI (or the then QFIIs and RQFIIs) are exempted from VAT on securities (including debt and fixed income instruments) trading activities in China according to Caishui [2016] No. 36 ("Circular 36") and Caishui [2016] No. 70. According to Circular 36 and Circular 127, the Sub-Fund is exempted from VAT on A share trading activities through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect. However, there is no clear rule on whether there is VAT exemption if the Sub-Fund invests in B shares. Thus, there may be VAT imposed on the Sub-Fund for trading of B shares. The H share transaction, red-chip companies transaction and other kinds of offshore shares transaction should not be subject to VAT.

If VAT is applicable, there are also other surtaxes (which include Urban Construction and

Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of VAT payable.

3 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. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of A shares and B shares traded on the PRC stock exchanges. In the case of contracts for sale of A shares and B shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

According to Circular 127, Hong Kong and overseas investors borrow and return listed shares in relation to shares guarantee and short-selling through Shanghai and Shenzhen Connect, will be exempted from stamp duty from 5 December 2016.

4 Tax Provision

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Since the Sub-Fund is the ultimate parties which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund's returns. In case there is any uncertainty, the Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not reflect the exact extent of PRC tax liabilities. As a result, investors may be disadvantaged or advantaged, depending on the final outcome of any tax liability. If the actual applicable tax rate levied by the PRC tax authorities is more than the provision made, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the anticipated percentage of the provision as the Sub-Fund will have to bear the additional tax liabilities. There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Although the relevant authorities have announced that CIT, VAT and individual income tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of A shares through Shanghai and Shenzhen Connect, dividends from A shares paid to Hong Kong and overseas investors will continue to be subject to 10% PRC WHT and the company distributing the dividend has the withholding obligation. Further, investors should note that the tax exemption on gains derived from trading of A shares via Shanghai and Shenzhen Connect under Circular 81 and Circular 127 was granted on a temporary basis and there is no assurance that the Sub-Fund will continue to enjoy the tax exemption over a long period of time. It is possible that any future announcement by the PRC tax authority may subject the Sub-Fund to unforeseen tax obligations, which may have retrospective effect.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(l) <u>Derivative Instruments Risk</u>

Other than investment in ELIs for non-hedging purposes, the Sub-Fund may use derivatives (e.g. forward contracts) for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging and the Sub-Fund may suffer significant losses. The use of derivatives may expose the Sub-Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation and settlement risks which can have an adverse effect on the Net Asset Value of the Sub-Fund. Derivative instruments may involve an embedded leverage. This is because such instruments provide extensively greater market exposure than the money paid or deposited when the transaction is entered into, so a relatively small adverse market change could expose the Sub-Fund to the possibility of a loss exceeding the capital originally invested. The Sub-Fund may suffer losses if the issuers or counterparties of the derivative instruments default in their obligations.

(m) Risk in relation to Distribution

The Manager retains the absolute discretion to determine or vary the frequency and dates for distribution. Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.

(n) Potential Conflicts of Interest

The Sub-Fund may invest in ETFs managed by the Manager and this may give rise to potential conflicts of interests. All initial charges (if any) on the underlying ETFs must be waived. The Manager may not obtain a rebate on any fees or charges levied by such underlying ETFs.

Also, the Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager of the Sub-Fund. Furthermore, the Manager and the Trustee are affiliated. Situation may arise where there are conflicts of interest between such entities. If such conflict arises, each of the Manager and the Trustee will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

For information relating to conflicts of interest, please refer to the sub-section headed "Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions" on pages 38 to 39 of the Explanatory Memorandum.

(o) Risk of Early Termination

As summarised under the sub-section headed "Termination of a Sub-Fund" on page 41 of the Explanatory Memorandum, the Manager may (subject to the prior approval of the SFC) terminate any Sub-Fund under certain circumstances. In the event of early termination of the Sub-Fund, the Sub-Fund would have to distribute to the Unitholders in proportion to their respective interests in the Sub-Fund all net cash proceeds derived from the redemption of the Sub-Fund and available for the purposes of such distribution in accordance with the Trust Deed. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of investment, resulting in a substantial loss to the Unitholders. Moreover, any costs and expenses with regard to the Sub-Fund that have not yet become fully amortised will be debited against the Sub-Fund's net assets at that time. Any amount distributed to the Unitholders of the Sub-Fund may be more or less than the capital invested by such Unitholders.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Risk Management Policies

In accordance with the investment objectives and policies of the Sub-Fund, the Manager may invest in ELIs. The Manager will seek to:

(a) acquire ELIs with reputable market counterparty with investment grade credit ratings to minimize the default and credit risks;
(b) gather confirmed market news so as to assess the financial soundness of the issuers of the ELIs;
(c) conduct review on the economic developments, investment policies for foreign investors and regulatory measures of the PRC, the market of the underlying equities of ELIs, in order to monitor relevant risks to investment in ELIs;
(d) consider making tax provisions on investment in ELIs, if applicable, in order to mitigate relevant risk to the potential liability of the capital gain tax which may be levied by the PRC tax authority.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed "Investment and Borrowing Restrictions" on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Different classes of Units may be offered for a 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 have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ. The Manager may levy an initial charge on the issue of Class A Units of the Sub-Fund. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 13 below.

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during the initial offer period (the "**Initial Period**") which has already been closed. All Units are denominated in HK Dollars.

The Class A Units were offered at an issue price of HK$10.00 per Unit (exclusive of any applicable initial charge). The Manager may levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the "Fees and Expenses" section on page 13 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Period, Units will be issued on the close of the Initial Period.

If the total subscription of the Sub-Fund as at the closing date of Initial Period is less than HK$50 million, the Manager may exercise its discretion not to issue any Units of the Sub-Fund as at the close of the Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three (3) Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in HK Dollars within seven (7) Business Days after the expiry of Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Class A Units of the Sub-Fund on a Dealing Day will be calculated by reference to the Sub-Fund's Net Asset Value per Unit as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the "Fees and Expenses" section on page 13 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A Units are currently available for subscriptions.

Unless otherwise allowed under the "Regular Savings Plan" section on page 12 below, the minimum amount of each subscription in Class A Units of the Sub-Fund during and after the Initial Period shall be HK$10,000, inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A Units of the Sub-Fund if, after redemption, the Unitholder's holding of Class A Units of the Sub-Fund falls below HK$10,000.

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD", and crossed "A/C Payee Only, Not Negotiable" or by telegraphic or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C No: 012-875-0-044596-0

Subscription monies must be paid in HK Dollars.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in HK Dollars to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

No Unitholder shall be entitled to realize part only of his holding of Class A Units of the Sub-Fund if (i) such redemption would result in his holding of Class A Units of the Sub-Fund after redemption being less than HK$10,000; or (ii) the amount of proceeds realized from Class A Units of the Sub-Fund is less than HK$10,000. However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will normally be paid in HK Dollars.

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of HK Dollar (and in the case of 0.00005 of a HK Dollar, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution Policy

In respect of the Sub-Fund, the Manager intends to declare distributions to Unitholders on a quarterly basis, by the end of March, June, September and December respectively. The quarterly distributions may not be made equally.

At least one (1) month's prior notice will be given to Unitholders if there is any change in the frequency for distributions.

The Manager will normally make distributions out of net income received or receivable by the Sub-Fund. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that such distributions be paid out of the capital of the Sub-Fund, or the Manager may, in its discretion, pay distributions out of its 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, resulting 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. This may reduce the capital that the Sub-Fund has available for investment in future and may constrain capital growth.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.

The Manager has the discretion to determine if and to what extent distributions will be paid out of capital. No distributions will be paid by the Sub-Fund if the capital of the Sub-Fund is insufficient to pay the distributions.

The amount of distributions (if any) may go up or go down. The Manager has discretion as to whether or not to make any distributions for the Sub-Fund. The Manager also has the sole and absolute discretion to determine or vary the frequency and dates for distributions. However, there is no guarantee as to whether or not distributions will be made and the amount of distributions to be paid. Investors should also note that there is no guarantee of regular distribution payments during the period investors hold the Units of the Sub-Fund.

The compositions of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website (www.boci-pru.com.hk). Information contained in the website of the Manager has not been reviewed by the SFC.

The Manager may amend the distribution policy subject to SFC's prior approval (where applicable) and normally by giving not less than one (1) month's prior notice to Unitholders.

Fees and Expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for each Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant Sub-Fund. The current management fee for Class A Units of the Sub-Fund is 1.8% of its Net Asset Value per annum. The maximum management fee for Class A Units of the Sub-Fund is 2% of its Net Asset Value per annum.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrued on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of Class A Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching Fee *(express as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1% * (For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

(iii) Fees Payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value of the Sub-Fund. The current level of Trustee Fee is as follows:

- 0.125% per annum on the first HK$200 million of the Net Asset Value
- 0.10% per annum on the next HK$200 million of the Net Asset Value
- 0.0875% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to "Charges and Expenses" section on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other Charges and Expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund is from the close of its Initial Period to 31 December 2017.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

EIGHTH TERM SHEET TO
BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP Hong Kong Low Volatility Equity Fund (the “Sub-Fund”)

This Eighth Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the “Explanatory Memorandum”) and the latest available Product Key Facts Statement of the Sub-Fund.

This Eighth Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund, the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund, the Fourth Term Sheet in respect of the BOCIP Flexi HKD Income Fund, the Fifth Term Sheet in respect of the BOCIP China Wealth Fund, the Sixth Term Sheet in respect of the BOCIP Hong Kong Value Fund and the Seventh Term Sheet in respect of the BOCIP China Health Care Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 6 August 2015 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Eighth Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Eighth Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Eighth Term Sheet shall prevail. Terms used in this Eighth Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is an equity fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the “UTMF Code”). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund seeks to provide investors with medium-term capital growth by investing primarily in equity securities listed or to be listed on the Stock Exchange of Hong Kong Limited (“SEHK”), including H shares, red-chip companies, exchange traded funds (“ETFs”) (including ETFs managed by the Manager) and real estate investment trusts (“REITs”).

The Manager will invest at least 70% of the Sub-Fund’s non-cash assets in equity securities, ETF and REITs so as to achieve the investment objectives of the Sub-Fund. Cash or deposits may be considered when appropriate.

The Sub-Fund seeks to achieve a reduced level of volatility against the broad market. Stock selection is based on identifying stocks with lower volatility and other characteristics based on the Manager’s internal selection process. Stocks with lower volatility are generally those with less price variability than the overall market. For the purpose of the Sub-Fund, volatility is represented by the standard deviation of a stock's daily returns within a prespecified window, typically the one year before the current date. The Manager uses its selection methodology as well as its own judgment and experience in managing investment portfolios to construct a portfolio that seeks to achieve a reduced level of volatility. The Sub-Fund has no specific industry focus. The Sub-Fund will consider investment opportunities in all market capitalization ranges. The Sub-Fund will not use derivatives to achieve the low volatility target.

The Sub-Fund currently does not invest in or have any exposure to any A shares and B shares listed on the stock exchanges in the PRC.

The Sub-Fund will only invest in structured deposits or structured products or financial derivative instruments for hedging purposes only.

The Sub-Fund will not invest in debt instruments or bonds.

At the date of this Term Sheet, the Manager has no intention to enter into securities lending transactions, repurchase or reverse repurchase agreements or similar over-the-counter (“OTC”) transactions on behalf of the

Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve) engage in securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund may increase its cash or cash equivalent holdings (including time deposits and money market instruments) (up to 100%) under exceptional circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in equity markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund is denominated in Hong Kong dollars.

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum, including general investment risk, political, economic and social risks, market risk, risk relating to accounting standards and disclosure, currency risk, foreign exchange risk, securities risk, equity market risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime, generally apply to the Sub-Fund. In addition to those general risk factors, investors should also note the following risks:

(a) Investment Risk

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

(b) Risk in connection with the Investment Strategy

The Manager will rely on its internal selection process when constructing the portfolio. However, there is a possibility that the Manager's internal selection process may not effectively achieve a reduced level of volatility and the Sub-Fund's value may be adversely affected. Investors should note that lower volatility does not necessarily mean lower risk.

(c) Risk of Investing in Equity Securities

Investing in equity securities may be associated with higher risks because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. Further, the Sub-Fund is exposed to various general trends and tendencies in the equities markets, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment, which are partially attributable to irrational factors. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Where equity markets are extremely volatile, the Net Asset Value of the Sub-Fund may fluctuate substantially and investors may suffer substantial loss.

(d) Liquidity Risks

Investments made by the Sub-Fund may become illiquid or less liquid in response to market developments or adverse investor perceptions. Illiquid investments may be more difficult to value. It may not be possible to sell or buy these investments quickly enough to prevent or minimize a loss in the Sub-Fund. Liquidity risk may also refer to the risk that the 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 reasons. To meet redemption requests, the Sub-Fund may be forced to sell securities, at an unfavorable time and/or under unfavorable conditions.

(e) Concentration Risks

The investments of the Sub-Fund mainly focus on equity securities listed or to be listed on the SEHK or listed equities issued by companies which have business or operations or interests in Hong Kong. Such concentration of investments may increase the Sub-Fund's vulnerability to the economic, political or regulatory or tax developments of a single region. This may also result in greater volatility and risk than a diversified and broad-based fund.

The Sub-Fund does not constrain sector weights and has no specific sector focus. While the Sub-Fund seeks to reduce risk by investing in a diversified portfolio of investments, the Sub-Fund may have a higher exposure to particular sectors. Increased concentration of investments will increase the Sub-Fund's risk suffering proportionately higher loss should certain particular investment decline in value or otherwise be adversely affected. Market or economic factors affecting issuers or sectors in which the portfolio's investments are concentrated could have a significant effect on the value of the portfolio's investments.

(f) Specific Risks Associated with Investments in H Shares and Red-chip Companies Listed on SEHK and Other Hong Kong-listed Stocks

(i) **Emerging market/PRC market risk**

Investing in the securities relating to the PRC is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular.

Investment in an emerging market, such as the PRC involves special risks and considerations. The Sub-Fund may be subject to risks in relation to economic, political, social and regulatory development in the PRC. These risks include the possibility of: more volatile financial markets, price volatility, smaller capital markets, less developed economic, political and social conditions and policies, less developed clearance and settlement systems and procedures, greater risks in relation to foreign exchange and liquidity, nationalisation, expropriation, government control and intervention and different accounting standards, etc. All these may have an adverse impact on performance of the Sub-Fund.

(ii) **PRC tax risk**

Investors should also note that by investing in H shares and red-chip companies listed on SEHK and other Hong Kong-listed stocks (that have been classified by the PRC tax authority as a PRC resident enterprise), the Sub-Fund may be subject to taxes imposed in the PRC, such as withholding of Corporate Income Tax.

1 Corporate Income Tax ("CIT")

Investing in H shares and red-chip companies listed on SEHK and other Hong Kong-listed stocks

a) Capital gains

Under the prevailing PRC CIT Law and regulations, capital gains derived by a non-resident from disposal of H shares or red-chip companies listed on SEHK or other Hong Kong-listed stocks (that have been classified by the PRC tax authority as a PRC resident enterprise) could be subject to withholding income tax ("WHT") at 10%, but under current practice no WHT is imposed on non-residents where both the purchase and sales of the relevant shares are via the stock exchange market. Capital gains derived by a non-resident from disposal of shares of companies listed on SEHK would not be subject to WHT unless the listed company is classified by the PRC tax authority as a PRC resident enterprise.

b) Dividend income

Dividend and interest income derived from investment in H shares or red-chip companies listed on SEHK or other Hong Kong-listed stocks (that have been classified by the PRC tax authorities as a PRC resident enterprise) by the Sub-Fund would be subject to the WHT at 10% imposed by the PRC tax authorities which may reduce the income from the Sub-Fund and will have an impact on the performance of the Sub-Fund.

2 Value-added Tax ("VAT")

In China, business tax was completely replaced by VAT starting from May 1, 2016. Qualified Foreign Investors/ Qualified Investors or "QI" under the prevailing PRC rules and regulations (or the then QFIIs and RQFIIs under the previous QFII and RQFII rules and regulations) are exempted from VAT on securities (including debt and fixed income instruments) trading activities in China according to Caishui [2016] No. 36 and Caishui [2016] No. 70. The H share transaction, red-chip companies transaction and other kinds of offshore shares transaction should not be subject to VAT.

3 **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.

4 **Tax Provision**

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Since the Sub-Fund is the ultimate party which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund's returns. In case there is any uncertainty, the Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not reflect the exact extent of PRC tax liabilities. As a result, investors may be disadvantaged or advantaged, depending on the final outcome of any tax liability. If the actual applicable tax rate levied by the PRC tax authorities is more than the provision made, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the anticipated percentage of the provision as the Sub-Fund will have to bear the additional tax liabilities. There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(g) Derivative instruments risk

The Sub-Fund may use derivatives for hedging purposes only. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging and the Sub-Fund may suffer significant losses. The use of derivatives may expose the Sub-Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation and settlement risks which can have an adverse effect on the Net Asset Value of the Sub-Fund.

(h) Real Estate Investment Trusts "REITs" Risks

The Sub-Fund is subject to risks inherent in REITs which invest primarily in real estate. REITs may be more volatile than other securities as they may trade less frequently and in smaller volume and they may have limited financial resources.

The performance of REITs will depend on various factors, such as management skills, for example, whether the manager is able to implement its strategy and whether the manager will change its strategy, change in value of the underlying properties, illiquidity of the investments which may affect the ability of REITs to change the investment or to liquidate part of the assets in response to changes in economic, market or other conditions, interest rate risks, changes in general and local economic conditions, taxation policies, non-renewal of expiring leases, unexpected expenditure or failure of lessees to meet their obligations. Further, REITs are subject to heavy cash flow dependency.

An investment in the Sub-Fund is not equivalent to an investment in a REIT and that the distribution of the Sub-Fund (if any) will not be the same as the distribution of the underlying REITs.

Investors should also note that the Sub-Fund may also invest in REITs that are not authorized by the SFC.

(i) <u>Risks Relating to Investment in ETFs</u>

Investors should note that the market price of the units of an ETF traded on the SEHK is determined not only by the Net Asset Value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the SEHK. Therefore, there is a risk that the market price of the units of the ETF traded on the SEHK may diverge significantly from the Net Asset Value of the ETF.

An ETF's returns may deviate from the index to which it is tracking due to a number of factors. For example, the fees and expenses of an ETF, the need for the manager of an ETF to adopt a representative sampling strategy, rounding of share prices, changes to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index. Further, an ETF may receive income (such as interests and dividends) from its assets while the tracking index does not have such sources of income.

An ETF is not actively managed. The manager of an ETF may not take an active role in defending the position of the ETF in declining markets. Hence, any fall in the relevant index will result in a corresponding fall in the value of the ETF.

There can be no assurance that an active trading market in respect of the units of an ETF will be developed or maintained.

(j) <u>Exchange rate risk</u>

As the Sub-Fund is denominated in Hong Kong dollars, investments denominated in currency or currencies other than Hong Kong dollars may expose the Sub-Fund to the exchange rate risk and fluctuation, as such, the performance of the Sub-Fund may be affected by the exchange rate movement. The Sub-Fund may also be subject to bid/offer spread when converting to and from one currency and the other.

In addition, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

(k) <u>Potential conflicts of interest</u>

The Sub-Fund may invest in ETFs managed by the Manager and this may give rise to potential conflicts of interests. All initial charges (if any) on the underlying ETFs must be waived. The Manager may not obtain a rebate on any fees or charges levied by such underlying ETFs.

Also, the Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager of the Sub-Fund. Furthermore, the Manager and the Trustee are affiliated. Situation may arise where there are conflicts of interest between such entities. If such conflict arises, each of the Manager and the Trustee will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

For information relating to conflicts of interest, please refer to the sub-section headed "Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions" on pages 38 to 39 of the Explanatory Memorandum.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed "Investment and Borrowing Restrictions" on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Different classes of Units may be offered for a 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 have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ. The Manager may levy an initial charge on the issue of Class A Units of the Sub-Fund. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 8 below.

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during the initial offer period (the "**Initial Period**") which has already been closed. All Units are denominated in HK Dollars.

The Class A Units were offered at an issue price of HK$10.00 per Unit (exclusive of any applicable initial charge). The Manager may levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 8 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Period, Units will be issued on the close of the Initial Period.

If the total subscription of the Sub-Fund as at the closing date of Initial Period is less than HK$50 million, the Manager may exercise its discretion not to issue any Units of the Sub-Fund as at the close of the Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three (3) Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in HK Dollars within seven (7) Business Days after the expiry of Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Class A Units of the Sub-Fund on a Dealing Day will be calculated by reference to the Sub-Fund's Net Asset Value per Unit as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 8 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A Units are currently available for subscriptions.

Unless otherwise allowed under the "Regular Savings Plan" section on page 8 below, the minimum amount of each subscription in Class A Units of the Sub-Fund during and after the Initial Period shall be HK$10,000, inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A Units of the Sub-Fund if, after redemption, the Unitholder's holding of Class A Units of the Sub-Fund falls below HK$10,000.

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD", and crossed "A/C Payee Only, Not Negotiable" or by telegraphic or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C No: 012-875-0-044596-0

Subscription monies must be paid in HK Dollars.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in HK Dollars to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

No Unitholder shall be entitled to realize part only of his holding of Class A Units of the Sub-Fund if (i) such redemption would result in his holding of Class A Units of the Sub-Fund after redemption being less than HK$10,000; or (ii) the amount of proceeds realized from Class A Units of the Sub-Fund is less than HK$10,000. However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will normally be paid in HK Dollars.

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of HK Dollar (and in the case of 0.00005 of a HK Dollar, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution Policy

The Manager does not intend to make any distributions in respect of the Sub-Fund and any income earned by the Sub-Fund will be reinvested in the Sub-Fund and reflected in the value of Units of the relevant class of the Sub-Fund.

Fees and Expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for each Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant Sub-Fund. The current management fee for Class A Units of the Sub-Fund is 1.5% of its Net Asset Value per annum. The maximum management fee for Class A Units of the Sub-Fund is 2% of its Net Asset Value per annum.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrued on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of Class A Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching Fee *(express as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1% * (For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

(iii) Fees payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value of the Sub-Fund. The current level of Trustee Fee is as follows:

- 0.125% per annum on the first HK$200 million of the Net Asset Value
- 0.10% per annum on the next HK$200 million of the Net Asset Value
- 0.0875% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to the section headed "Charges and Expenses" on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other charges and expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund was from the close of its Initial Period to 31 December 2016.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

SEVENTH TERM SHEET TO
BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP China Health Care Fund (the "Sub-Fund")

This Seventh Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Seventh Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund, the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund, the Fourth Term Sheet in respect of the BOCIP Flexi HKD Income Fund, the Fifth Term Sheet in respect of the BOCIP China Wealth Fund and the Sixth Term Sheet in respect of the BOCIP Hong Kong Value Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 8 June 2015 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Seventh Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Seventh Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Seventh Term Sheet shall prevail. Terms used in this Seventh Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is an equity fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund seeks to provide investors with long-term capital appreciation by investing in securities that design, make or sell products and services related to health care industry in the People's Republic of China ("PRC"). Such theme-specific securities include companies in the PRC: (i) that are engaged in pharmaceuticals, biotechnology, medical devices or technology, surgical research or equipment, healthcare provision and consultation, health or nutrition supplements research or production, ownership and/or management of or provision of services relating to hospitals, nursing homes or health maintenance organizations, infancy care centres or after-life service organizations; or (ii) companies having their major business activities related or connected to healthcare sector.

At least 70% of the Sub-Fund's non-cash assets will be invested in the relevant theme-specific A shares (either directly invested through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect, or indirectly invested (up to 30%) through equity linked instruments ("ELIs") (which may take the form of notes, warrants, contracts or other structures) issued by institutions or their affiliates with Qualified Foreign Investors/ Qualified Investors or QI ("QI") status in the PRC and/or through exchange traded funds ("ETFs") listed on the Stock Exchange of Hong Kong Limited ("SEHK") (which may be physical or synthetic ETFs)), Hong Kong-listed stocks, H shares, red-chip companies or ETFs listed on the SEHK (including ETFs managed by the Manager) and/or B shares listed on stock exchanges in the PRC. Qualified Foreign Investors/ Qualified Investors or "QI" refers to foreign institutional investors who are approved as such, including qualified foreign institutional investors ("QFIIs") or RMB qualified foreign institutional investors ("RQFIIs") previously approved, by the China Securities Regulatory Commission ("CSRC") to invest in the PRC securities and futures markets with funds raised overseas.

The following is an indicative investment allocation with respect to the Sub-Fund's investment in the relevant theme-specific equities. Investors should note that this allocation may change in light of prevailing market conditions.

Type of Investment	***Indicative investment allocation (as a % of the Sub-Fund's Net Asset Value)***
Hong Kong-listed stocks, H shares, red-chip companies or ETFs listed on the SEHK (including ETFs managed by the Manager)	approximately 0% - 60%
A shares (directly invested through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect or indirectly through investment in ELIs (up to 30%) and/or ETFs (which may be physical or synthetic ETFs))	approximately 40% - 100%
B shares	approximately 0% - 10%

It is expected that up to 30% of the Net Asset Value of the Sub-Fund will be invested in A shares indirectly through ELIs and the Sub-Fund's gross risk exposure to each ELI issuer and its investment in each ETF will not exceed 10% of its Net Asset Value.

The ELIs will be held by the Trustee of the Sub-Fund and will be linked to one or a basket of A shares. The ELIs that are to be invested by the Sub-Fund are expected to be quoted on Bloomberg or Reuters and will be issued by institutions or their affiliates with QI status. If the Sub-Fund invests in ELIs which are not listed or quoted or dealt in on a market (market means any stock exchange, over-the-counter ("OTC") market or other organized securities market that is open to the international public and on which such securities are regularly traded), the Sub-Fund's investment therein will not exceed 15% of its latest available Net Asset Value.

The Sub-Fund may also invest up to 30% of its Net Asset Value in the relevant theme-specific securities that are listed or quoted in other recognized stock exchanges outside PRC and Hong Kong, such as in the form of American Depository Receipts ("ADRs").

Other than ELIs as mentioned in the previous paragraphs which will be used for investment purposes, the Sub-Fund will only invest in structured deposits or structured products or other financial derivative instruments for hedging purposes only.

The Sub-Fund will not invest in debt instruments or bonds.

Cash or deposits may be considered when appropriate.

At the date of this Term Sheet, the Manager has no intention to enter into securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve) engage in securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund may increase its cash or cash equivalent holdings (including time deposits and money market instruments) (up to 100%) under exceptional circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in equity markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund is denominated in Hong Kong dollars.

Risk Factors and Risk Management Policies

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum, including general investment risk, political, economic and social risks, market risk, emerging market risk, risk relating to accounting standards and disclosure, currency risk, foreign exchange risk, securities risk, equity market risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, potential conflicts of interest, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime, generally apply to the Sub-Fund. Since the Sub-Fund involves investments in Mainland China, investors should also note risks associated with high volatility of the equity market in Mainland China and risk associated with regulatory/exchanges requirements/ policies of the equity market in Mainland China. Since the Sub-Fund has direct investment in A shares via Shanghai and Shenzhen Connect, investors should also note risks associated with Shanghai and Shenzhen Connect. Since the Sub-Fund has investments denominated in RMB or exposure to RMB currency, investors should also note (i) Foreign Exchange and RMB Currency and

Conversion Risks; and (ii) Risk relating to Redemption and/or Distribution Payments (if any). In addition to those general risk factors, investors should also note the following risks:

(a) Investment Risk

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

(b) Risk of Investing in Healthcare Companies

The economic prospects of the healthcare sector are generally subject to greater influences from governmental policies and regulations than those of many other industries. Certain of the companies in which the Sub-Fund may invest may allocate greater than usual financial resources to research and product development. The securities of such companies may experience above-average price movements associated with the perceived prospects of success of the research and development programmes. In addition, companies in which the Sub-Fund may invest may be adversely affected by lack of commercial acceptance of a new product or process or by technological change and obsolescence.

Any future slowdowns or declines in the healthcare sector in the PRC may materially and adversely affect the business of the companies in the healthcare sector and as a result, the performance of the Sub-Fund and/or the interests of investors.

(c) Sector / Single Country Concentration Risk

The Sub-Fund's investments are concentrated in the healthcare sector and in related or connected sectors and lack risk diversification. Focusing on a particular industry sector may result in greater volatility than funds which are diversified across sectors. The Sub-Fund may be more susceptible to adverse fluctuations in value resulting from adverse condition in the healthcare sector and the Sub-Fund's value or performance may be adversely affected.

Economic, political or regulatory factors may affect the industry, increased competition within the sector that may lower the profit margin of the companies and, if the stocks of this industry fall out of favour with the financial markets, the prices of those stocks may also fall.

The investments of the Sub-Fund mainly focus on PRC-related business, thereby increasing its vulnerability to the economic, political or regulatory or tax developments of a single country. This may also result in greater degree of volatility and of risk than a broad-based fund.

(d) Emerging Market / PRC Market Risk

Investing in the securities relating to China is subject to the risks of investing in emerging markets generally and the risks specific to the China market in particular.

Investment in an emerging market, such as the PRC involves special risks and considerations. The Sub-Fund may be subject to risks in relation to economic, political, social and regulatory development in the PRC. These risks include the possibility of: more volatile financial markets, price volatility, smaller capital markets, less developed economic, political and social conditions and policies, less developed clearance and settlement systems and procedures, greater risks in relation to foreign exchange and liquidity, nationalisation, expropriation, government control and intervention and different accounting standards, etc.. All these may have an adverse impact on performance of the Sub-Fund.

The Sub-Fund may be subject to the economic, political and social development risks in the PRC. Although in recent years the PRC has experienced substantial economic reform, the PRC government's regulatory and legal framework for securities markets is still developing as compared to the systems in place in more mature markets.

The value of the Sub-Fund's assets may be affected by uncertainties or changes in government policies, promulgation of foreign currency and monetary policies and tax regulations. Such measures may have associated impact on the economy or financial markets of the PRC.

Companies in Mainland China are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

The Chinese government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the Sub-Fund. Furthermore, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may have an adverse impact on the performance or value of the Sub-Fund.

The clearance and settlement systems and procedures in Mainland China may be less developed. There may have times when clearance and settlements are unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Problems with clearance and settlement may affect the value and liquidity of the Sub-Fund. The inability of the Sub-Fund to make intended securities purchases due to clearance and settlement problems may result in the Sub-Fund losing investment opportunities. Inability to dispose of a portfolio security caused by such problems could result either in losses to the Sub-Fund due to subsequent declines in value of the portfolio security or, if the Sub-Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

(e) Risk of Investing in Equity Securities

Investing in equity securities like H shares, shares of companies or ETFs listed on the SEHK, A shares and B shares may be associated with higher risks because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value.

The stock exchanges in the PRC on which A shares and B shares are traded are relatively at a developing stage and the choice of investments in the A share and B share markets is limited as compared with other developed securities markets. Their trading volumes may be much lower than those in developed markets. Potential volatility and illiquidity of the A share and B share markets may have an adverse impact on the prices of PRC securities in which the Sub-Fund invests or the price of the ELIs held by the Sub-Fund.

(f) Risk relating to Investment in ELIs

Illiquidity risk: ELIs linked to one or a basket of A shares are usually subject to the terms and conditions imposed by the ELI issuer. If the Sub-Fund invests in ELIs which are not listed or quoted on a market, such investment can be highly illiquid as there may not be an active market for the ELIs. Even if the ELIs are quoted, there is no assurance that there will be an active market for them and therefore investment in these ELIs can also be highly illiquid. In order to meet realization requests, the issuer will have to act as a market maker and re-purchase the ELIs. In unwinding the ELIs, the ELI issuer will quote a price that will reflect the market liquidity conditions and the prices of the underlying securities, and the Sub-Fund may only rely upon such price in the unwinding transactions.

Potential lack of economic benefits of underlying A shares: Depending on the terms of the ELIs, investment in an ELI may not entitle the Sub-Fund to capture all the economic benefits (such as dividend or other rights) associated with the underlying A shares.

Repatriation risk: ELIs issued by institutions with the QI (or the then QFII) status will be subject to the restrictions imposed in respect of repatriation of funds. ELIs may be restricted from withdrawing funds from its account with the QI (or the then QFII) holder until and unless the QI (or the then QFII) holder as a whole is permitted to repatriate its funds under the QI (or the then QFII) rules and regulations. It may, therefore, not be possible for ELIs to repatriate funds from the PRC, or it may require government consent to do so, hence may adversely affect the Sub-Fund's liquidity and performance. Furthermore, investments in the A share market through the ELIs may be subject to other limitations, such as the control of currency conversion which may also result in difficulties in the repatriation of funds. These may restrict the Sub-Fund's performance and its ability to meet realization requests. In order to meet a substantial redemption request, the Sub-Fund may need to sell investments other than the ELIs or even suspend the determination of the Net Asset Value and dealing of the Sub-Fund.

Valuation risk: Valuation of the ELIs may be performed by the issuer or independent third parties, in accordance with the terms of the ELIs. Investors should note that different ELI issuers may have different terms for the ELI and may have varying valuation principles. Generally, valuation will be based on, among other factors, the closing price of the relevant A shares underlying the ELI. If the ELI is not denominated in RMB, the value of the ELI may also be subject to the foreign exchange conversion between RMB and the currency in which the ELI is denominated. Valuation of the ELIs may also involve the imposition of any bid and offer spread or any other charges by the issuer. Valuation uncertainties such as foreign exchange conversion risk, bid and offer spread and other charges could have an adverse effect on the Net Asset Value of the Sub-Fund.

Credit risk: As the Sub-Fund will invest in ELIs, performance of the Sub-Fund may be adversely affected if the issuer of the ELIs defaults due to a credit or liquidity problem. If any one of the ELIs issuers fails to perform its obligations under the ELIs, the Sub-Fund may suffer losses which may be equal to the full value of investment in such ELIs.

An ELI issuer must meet the following criteria: (i) it or the guarantor of the relevant ELI (as the case may be) must have a credit rating acceptable to the Manager (taking into account factors such as the prevailing market conditions, the credit ratings of other entities with comparable financial standing and the credit rating of the holding company of the relevant counterparty); and (ii) it or the guarantor of the relevant ELI (as the case may be) must be an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of the 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. A member company of a group including a commercial bank supervised by a regulator in a jurisdiction acceptable to the Manager.

QI risk: Given that the issuance of the ELIs depends on the ability of the QI to buy and sell A shares, any restrictions or any changes in laws and regulations imposed by the PRC government on QI's operations may adversely affect the issuance of ELIs. If the QI status of the relevant QI is revoked, the relevant ELI issuer may cease to be under an obligation to extend the duration of the ELIs or to issue further ELIs. This may have impact on the Sub-Fund's ability to achieve its investment objective.

Investors should also note that the above risks relating to ELIs will increase as the Sub-Fund's investment through ELIs in the A share market increases.

(g) Risks relating to investment in ETFs

Investors should note that the market price of the units of an ETF traded on the SEHK is determined not only by the Net Asset Value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the SEHK. Therefore, there is a risk that the market price of the units of the ETF traded on the SEHK may diverge significantly from the Net Asset Value of the ETF.

An ETF's returns may deviate from the index to which it is tracking due to a number of factors. For example, the fees and expenses of an ETF, the need for the manager of an ETF to adopt a representative sampling strategy, rounding of share prices, changes to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index. Further, an ETF may receive income (such as interests and dividends) from its assets while the tracking index does not have such sources of income.

An ETF is not actively managed. The manager of an ETF may not take an active role in defending the position of the ETF in declining markets. Hence, any fall in the relevant index will result in a corresponding fall in the value of the ETF.

There can be no assurance that an active trading market in respect of the units of an ETF will be developed or maintained.

(h) PRC Tax Risk

Various tax reforms have been implemented by the PRC government in recent years. There can be no assurance that these existing tax laws will not be revised or abolished. The Sub-Fund may be subject to withholding and various other taxes imposed in Mainland China. Any changes in tax policies may affect adversely the performance of companies in the PRC or companies with activities closely related to the economic development and growth of the PRC.

1 Corporate Income Tax ("CIT")

1.1 Investing in A shares

a) Capital gains

Under the prevailing PRC CIT Law, gains derived by a non-resident from the trading of A shares would be subject to PRC withholding income tax ("WHT") unless exempted under tax law and/or an applicable tax treaty.

Under the terms of the ELIs, the QI (or the then QFII) being the issuer of the ELIs held by the Sub-Fund will pass on this potential tax liability to the Sub-Fund in the form of a WHT. The Sub-Fund is the ultimate party which will bear the potential WHT liability in respect of ELIs held by the Sub-Fund. If WHT is levied, it shall be deducted from the value of the ELIs and this will have an impact on the Net Asset Value of the Sub-Fund.

Pursuant to Caishui [2014] No. 79 – The Circular Concerning the issue of temporary exemption from the imposition of capital gain tax arising from gains from the transfer of equity investment assets such as PRC domestic shares by QFII and RQFII ("Circular 79") issued by the Ministry of Finance of the PRC ("MOF"), the State Administration of Taxation of the PRC ("SAT") and CSRC on 14 November 2014, effective from 17 November 2014, capital gains derived by a QFII or RQFII (i.e. QI under the prevailing QI rules and regulations) from trading of A shares are temporarily exempted from WHT, provided the capital gains are not effectively connected with any permanent establishment ("PE") (if any) that the then QFII or RQFII (or currently the QI) has in China; such exemption, however, will not apply to capital gains derived by the then QFII or RQFII from transactions prior to 17 November 2014.

Pursuant to "Caishui [2014] No. 81 – The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets" ("Circular 81") and "Caishui [2016] No. 127 – The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets" ("Circular 127"), effective from 17 November 2014 and 5 December 2016 respectively, Hong Kong market investors, both enterprises and individuals, investing in A shares via Shanghai and Shenzhen Connect are temporarily exempted from income tax on capital gains derived from the sales of A shares traded in the SSE and SZSE.

According to Circular 81 and Circular 127, the latest capital gain tax provisioning approach is as follows:

Based on professional and independent tax advice, the Sub-Fund currently will not set aside any capital gain tax provision derived from the gains from trading of A shares by a QI (or the then QFII) in relation to which the underlying A shares to which the relevant ELIs are linked or by the Sub-Fund in investing in A shares via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect.

The Manager will assess the capital gain tax provisioning approach on an on-going basis. Should the PRC tax policies in respect of the capital gain tax change, the Manager may decide to set aside a provision to meet any potential capital gain tax liability in the future. Prospective investors should consult their independent tax advisors regarding the possible implications of capital gain tax on an investment in the Sub-Fund.

b) *Dividend income*

To date, a 10% PRC withholding tax has been levied on dividends, distributions and interest payments from PRC listed companies to foreign investors. The PRC resident enterprises making the dividend distribution should be the withholding agent on the tax, but the QI (or the then QFII) is the taxpayer of such tax. If the distributing company fails to withhold, then the QI (or the then QFII) will need to pay the tax on its own.

As such, the QI (or the then QFII) (in relation to the underlying A shares to which the relevant ELIs are linked) being the issuer of the ELIs held by the Sub-Fund will also pass on this distribution tax liability to the Sub-Fund in the form of a WHT. Therefore, the QI (or the then QFII) and the Sub-Fund in investing A shares directly via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect, would be subject to a WHT of 10% on all cash dividends payment or cash proceeds which were referable to dividends or distributions arising from A shares. There is no assurance that the rate of the WHT will not be changed by the relevant PRC tax authority in the future.

1.2 *Investing in B shares, H shares, red-chip companies and shares of companies listed on SEHK*

a) *Capital gains*

Under the prevailing PRC CIT Law and regulations, capital gains derived by a non-resident from disposal of B shares and H shares could be subject to WHT at 10%, but under current practice no WHT is imposed on non-residents where both the purchase and sales of the B shares and H shares are via the stock exchange market. Capital gains derived by a non-resident from disposal of red-chip companies and shares of companies listed on SEHK would not be subject to WHT unless the listed company is classified by the PRC tax authority as a PRC resident enterprise.

b) *Dividend income*

Similar to A shares, dividend and interest income derived from investment in B shares, H shares or certain shares of companies listed on SEHK (that have been classified by the PRC tax authorities as a PRC resident enterprise) by the Sub-Fund would be subject to the WHT at 10% imposed by the PRC tax authorities which may reduce the income from the Sub-Fund and will have an impact on the performance of the Sub-Fund.

2 Value-added tax ("VAT") and surtaxes

In China, business tax was completely replaced by VAT starting from May 1, 2016. QI (or the then QFIIs and RQFIIs) are exempted from VAT on securities (including debt and fixed income instruments) trading activities in China according to Caishui [2016] No. 36 ("Circular 36") and Caishui [2016] No. 70. According to Circular 36 and Circular 127, the Sub-Fund is exempted from VAT on A share trading activities through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect. However, there is no clear rule on whether there is VAT exemption if the Sub-Fund invests in B shares. Thus, there may be VAT imposed on the Sub-Fund for trading of B shares. The H share transaction, red-chip companies transaction and other kinds of offshore shares transaction should not be subject to VAT.

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

3 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. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of A shares and B shares traded on the PRC stock exchanges. In the case of contracts for sale of A shares and B shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

According to Circular 127, Hong Kong and overseas investors borrow and return listed shares in relation to shares guarantee and short-selling through Shanghai and Shenzhen Connect, will be exempted from stamp duty from 5 December 2016.

4 Tax Provision

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Since the Sub-Fund is the ultimate parties which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund's returns. In case there is any uncertainty, the Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not reflect the exact extent of PRC tax liabilities. As a result, investors may be disadvantaged or advantaged, depending on the final outcome of any tax liability. If the actual applicable tax rate levied by the PRC tax authorities is more than the provision made, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the anticipated percentage of the provision as the Sub-Fund will have to bear the additional tax liabilities. There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Although the relevant authorities have announced that CIT, VAT and individual income tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of A shares through Shanghai and Shenzhen Connect, dividends from A shares paid to Hong Kong and overseas investors will continue to be subject to 10% PRC WHT and the company distributing the dividend has the withholding obligation. Further, investors should note that the tax exemption on gains derived from trading of A shares via Shanghai and Shenzhen Connect under Circular 81 and Circular 127 was granted on a temporary basis and there is no assurance that the Sub-Fund will continue to enjoy the tax exemption over a long period of time. It is possible that any future announcement by the PRC tax authority may subject the Sub-Fund to unforeseen tax obligations, which may have retrospective effect.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(i) Derivative Instruments Risk

Other than investment in ELIs for non-hedging purposes, the Sub-Fund may use derivatives (e.g. forward contracts) for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging and the Sub-Fund may suffer significant losses. The use of derivatives may expose the Sub-Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation and settlement risks which can have an adverse effect on the Net Asset Value of the Sub-Fund. Derivative instruments may involve an embedded leverage. This is because such instruments provide extensively greater market exposure than the money paid or deposited when the transaction is entered into, so a relatively small adverse market change could expose the Sub-Fund to the possibility of a loss exceeding the capital originally invested. The Sub-Fund may suffer losses if the issuers or counterparties of the derivative instruments default in their obligations.

(j) Exchange rate risk

As the Sub-Fund is denominated in Hong Kong dollars, investments denominated in currency or currencies other than Hong Kong dollars may expose the Sub-Fund to the exchange rate risk and fluctuation, as such, the performance of the Sub-Fund may be affected by the exchange rate movement. The Sub-Fund may also be subject to bid/offer spread when converting to and from one currency and the other.

In addition, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

(k) Risk in relation to distribution

The indicative per annum distribution rate each year may vary and may go up and down. The Manager retains the absolute discretion to determine or vary the frequency and dates for distribution.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.

(l) Potential conflicts of interest

The Sub-Fund may invest in ETFs managed by the Manager and this may give rise to potential conflicts of interests. All initial charges (if any) on the underlying ETFs must be waived. The Manager may not obtain a rebate on any fees or charges levied by such underlying ETFs.

Also, the Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager of the Sub-Fund. Furthermore, the Manager and the Trustee are affiliated. Situation may arise where there are conflicts of interest between such entities. If such conflict arises, each of the Manager and the Trustee will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

For information relating to conflicts of interest, please refer to the sub-section headed "Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions" on pages 38 to 39 of the Explanatory Memorandum.

(m) Risk of early termination

As summarised under the sub-section headed "Termination of a Sub-Fund" on page 41 of the Explanatory Memorandum, the Manager may (subject to the prior approval of the SFC) terminate any Sub-Fund under certain circumstances. In the event of early termination of the Sub-Fund, the Sub-Fund would have to distribute to the Unitholders in proportion to their respective interests in the Sub-Fund all net cash proceeds derived from the redemption of the Sub-Fund and available for the purposes of such distribution in accordance with the Trust Deed. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of investment, resulting in a substantial loss to the Unitholders. Moreover, any costs and expenses with regard to the Sub-Fund that have not yet become fully amortised will be debited against the Sub-Fund's net assets at that time. Any amount distributed to the Unitholders of the Sub-Fund may be more or less than the capital invested by such Unitholders.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Risk Management Policies

In accordance with the investment objectives and policies of the Sub-Fund, the Manager may invest in ELIs. The Manager will seek to:

(a) acquire ELIs with reputable market counterparty with investment grade credit ratings to minimize the default and credit risks;
(b) gather confirmed market news so as to assess the financial soundness of the issuers of the ELIs;
(c) conduct review on the economic developments, investment policies for foreign investors and regulatory measures of the PRC, the market of the underlying equities of ELIs, in order to monitor relevant risks to investment in ELIs;
(d) consider making tax provisions on investment in ELIs, if applicable, in order to mitigate relevant risk to the potential liability of the capital gain tax which may be levied by the PRC tax authority.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed "Investment and Borrowing Restrictions" on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Different classes of Units may be offered for a 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 have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ. The Manager may levy an initial charge on the issue of Class A Units of the Sub-Fund. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 13 below.

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during the initial offer period **(the "Initial Period")** which has already been closed. All Units are denominated in HK Dollars.

The Class A Units were offered at an issue price of HK$10.00 per Unit (exclusive of any applicable initial charge). The Manager may levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 13 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Period, Units will be issued on the close of the Initial Period.

If the total subscription of the Sub-Fund as at the closing date of Initial Period is less than HK$50 million, the Manager may exercise its discretion not to issue any Units of the Sub-Fund as at the close of the Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three (3) Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in HK Dollars within seven (7) Business Days after the expiry of Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Class A Units of the Sub-Fund on a Dealing Day will be calculated by reference to the Sub-Fund's Net Asset Value per Unit as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 13 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A Units are currently available for subscriptions.

Unless otherwise allowed under the "Regular Savings Plan" section on page 12 below, the minimum amount of each subscription in Class A Units of the Sub-Fund during and after the Initial Period shall be HK$10,000, inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A Units of the Sub-Fund if, after redemption, the Unitholder's holding of Class A Units of the Sub-Fund falls below HK$10,000.

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD", and crossed "A/C Payee Only, Not Negotiable" or by telegraphic or bank transfer transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C No: 012-875-0-044596-0

Subscription monies must be paid in HK Dollars.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in HK Dollars to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

No Unitholder shall be entitled to realize part only of his holding of Class A Units of the Sub-Fund if (i) such redemption would result in his holding of Class A Units of the Sub-Fund after redemption being less than HK$10,000; or (ii) the amount of proceeds realized from Class A Units of the Sub-Fund is less than HK$10,000. However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will normally be paid in HK Dollars.

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of HK Dollar (and in the case of 0.00005 of a HK Dollar, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution Policy

In relation to the Sub-Fund, the Manager intends to declare distributions to Unitholders on a quarterly basis, by the end of March, June, September and December respectively. The distributions may not be made equally in each quarter. The amount of distributions (if any) may go up or go down. The Manager will declare an indicative per annum distribution rate at the beginning of the calendar year and Unitholders will receive written notice regarding such indicative per annum distribution rate. As a whole, distributions paid in that year shall be no less than the indicative per annum distribution rate, any change of such rate will require no less than one (1) month's prior notice to Unitholders.

The Manager will normally make distributions out of net income received or receivable by the Sub-Fund. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that such distributions be paid out of the capital of the Sub-Fund, or the Manager may, in its discretion, 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, resulting 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. This may reduce the capital that the Sub-Fund has available for investment in future and may constrain capital growth.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit.

No distributions will be paid by the Sub-Fund if the capital of the Sub-Fund is insufficient to pay the distributions.

The indicative per annum distribution rate each year may vary and may go up and down. The Manager has the sole and absolute discretion to determine or vary the frequency and dates for distributions.

The compositions of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website (www.boci-pru.com.hk).

The Manager may amend the distribution policy subject to SFC's prior approval and by giving not less than one (1) month's prior notice to Unitholders.

Fees and Expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for each Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant Sub-Fund. The current management fee for Class A Units of the Sub-Fund is 1.8% of its Net Asset Value per annum. The maximum management fee for Class A Units of the Sub-Fund is 2% of its Net Asset Value per annum.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrued on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of Class A Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching Fee *(express as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1% * (For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

(iii) Fees payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value of the Sub-Fund. The current level of Trustee Fee is as follows:

- 0.125% per annum on the first HK$200 million of the Net Asset Value
- 0.10% per annum on the next HK$200 million of the Net Asset Value
- 0.0875% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to the section headed "Charges and Expenses" on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other charges and expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund was from the close of its Initial Period to 31 December 2015.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

SIXTH TERM SHEET TO BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP Hong Kong Value Fund (the "Sub-Fund")

This Sixth Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Sixth Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund, the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund, the Fourth Term Sheet in respect of the BOCIP Flexi HKD Income Fund and the Fifth Term Sheet in respect of the BOCIP China Wealth Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 8 September 2014 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Sixth Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Sixth Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Sixth Term Sheet shall prevail. Terms used in this Sixth Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is an equity fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund seeks to provide investors with long term capital growth by investing primarily in equity securities listed or to be listed on the Stock Exchange of Hong Kong Limited ("SEHK") (including H shares, shares of red-chip companies, shares of other companies, exchange traded funds ("ETFs") (including ETFs managed by the Manager) and real estate investment trusts ("REITs") listed on the SEHK) or listed equities issued by companies which have business or operations or interests in Hong Kong.

The equity securities in which the Sub-Fund may invest may also include securities listed on other stock exchanges including but not limited to stock exchanges in the United States, London or Singapore, such as ADRs (American depository receipts) and GDRs (Global depository receipts).

The Manager will consider investment opportunities in all market capitalization ranges. The Manager will invest at least 70% of the Sub-Fund's non-cash assets in equity securities so as to achieve the investment objectives of the Sub-Fund. In particular, the Manager would place particular emphasis on securities that are, in the opinion of the Manager, with attractive potential values. Cash or deposits may be considered when appropriate.

Stock selection is based on relative value analysis. The Manager will look for companies that offer growth potentials with good fundamentals and trading at reasonable valuations. These fundamental factors include, but not limit to, business strategy, management strength and financial positions.

The Sub-Fund currently does not invest in or have any exposure to any A shares and B shares listed on the stock exchanges in the PRC. If such investments are undertaken in the future, prior approval from the SFC is required and no less than one (1) month's notice will be given to the Unitholders.

The Sub-Fund will only invest in structured deposits or structured products or other financial derivative instruments for hedging purposes only.

The Sub-Fund will not invest in debt instruments or bonds.

At the date of this Term Sheet, the Manager has no intention to enter into securities lending transactions, repurchase or reverse repurchase agreements or similar over-the-counter ("OTC") transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice engage in securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund may increase its cash or cash equivalent holdings (including time deposits and money market instruments) (up to 100%) under exceptional circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in equity markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund is denominated in Hong Kong dollars.

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum, including general investment risk, political, economic and social risks, market risk, risk relating to accounting standards and disclosure, currency risk, foreign exchange risk, securities risk, equity market risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime, generally apply to the Sub-Fund. In particular, since the Sub-Fund offers Class A – RMB Hedged Currency Class Units, investors should pay attention to (i) Risk relating to those class(es) of Units denominated in a currency other than the Base Currency; (ii) Currency Hedged Class Risk; (iii) Cross-Class Liability Risk; (iv) Foreign Exchange and RMB Currency and Conversion Risks; and (v) Risk relating to Redemption and/or Distribution Payments (if any).

In addition to the foregoing general risk factors, investors should note the following risks:

(a) Investment Risk

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

(b) Risk of Investing in Equity Securities

Investing in equity securities may be associated with higher risks because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. Further, the Sub-Fund is exposed to various general trends and tendencies in the equities markets, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment, which are partially attributable to irrational factors. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Where equity markets are extremely volatile, the Net Asset Value of the Sub-Fund may fluctuate substantially and investors may suffer substantial loss.

(c) Concentration Risk

The investments of the Sub-Fund mainly focus on equity securities listed or to be listed on the SEHK or listed equities issued by companies which have business or operations or interests in Hong Kong. Such concentration of investments will increase the Sub-Fund's vulnerability to the economic, political or regulatory or tax developments of a single region. This may also result in greater degree of volatility and of risk than a diversified and broad-based fund.

(d) Value Stock and Company-specific Risk

The Manager of the Sub-Fund will consider investment opportunities in all market capitalization ranges that are, in the opinion of the Manager, with attractive values. Stock selection is based on relative value analysis. The Manager will look for companies that offer growth potentials with good fundamentals and trading at reasonable valuations. Such value investing strategies involve the risk that the market will not recognize a security's value for a long time or the expected value was misgauged. Price of the security may go down even though in theory the price is already undervalued. Value stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time or may never be realized.

Besides, the price development of the equities held by the Sub-Fund is affected by company-specific factors, for example, the issuer's business situation. If the company-specific factors deteriorate, the price of the respective security may go down significantly and for certain period of time, possibly even without regard to an otherwise generally positive market trend.

(e) Specific Risks Associated with Investments in H Shares and Shares of Red-Chip Companies Listed on SEHK

(i) *Emerging market / PRC market risk*

Investing in the securities relating to the PRC is subject to the risks of investing in emerging markets generally and the risks specific to the PRC market in particular.

Investment in an emerging market, such as the PRC involves special risks and considerations. The Sub-Fund may be subject to risks in relation to economic, political, social and regulatory development in the PRC. These risks include the possibility of: more volatile financial markets, price volatility, smaller capital markets, less developed economic, political and social conditions and policies, less developed clearance and settlement systems and procedures, greater risks in relation to foreign exchange and liquidity, nationalisation, expropriation, government control and intervention and different accounting standards, etc.. All these may have an adverse impact on performance of the Sub-Fund.

(ii) *PRC tax risk*

Investors should also note that by investing in H shares and red-chip companies listed on SEHK and other Hong Kong-listed stocks (that have been classified by the PRC tax authority as a PRC resident enterprise), the Sub-Fund may be subject to taxes imposed in the PRC, such as withholding of Corporate Income Tax.

1 Corporate Income Tax ("CIT")

Investing in H shares and red-chip companies listed on SEHK and other Hong Kong-listed stocks

a) Capital gains

Under the prevailing PRC CIT Law and regulations, capital gains derived by a non-resident from disposal of H shares or red-chip companies listed on SEHK or other Hong Kong-listed stocks (that have been classified by the PRC tax authority as a PRC resident enterprise) could be subject to withholding income tax ("WHT") at 10%, but under current practice no WHT is imposed on non-residents where both the purchase and sales of the relevant shares are via the stock exchange market. Capital gains derived by a non-resident from disposal of shares of companies listed on SEHK would not be subject to WHT unless the listed company is classified by the PRC tax authority as a PRC resident enterprise.

b) Dividend income

Dividend and interest income derived from investment in H shares or red-chip companies listed on SEHK or other Hong Kong-listed stocks (that have been classified by the PRC tax authorities as a PRC resident enterprise) by the Sub-Fund would be subject to the WHT at 10% imposed by the PRC tax authorities which may reduce the income from the Sub-Fund and will have an impact on the performance of the Sub-Fund.

2 Value-added Tax ("VAT")

In China, business tax was completely replaced by VAT starting from May 1, 2016. Qualified Foreign Investors/ Qualified Investors or "QI" under the prevailing PRC rules and regulations (or the then QFIIs and RQFIIs under the previous QFII and RQFII rules and regulations) are exempted from VAT on securities (including debt and fixed income instruments) trading activities in China according to Caishui [2016] No. 36 and Caishui [2016] No. 70. The H share transaction, red-chip companies transaction and other kinds of offshore shares transaction should not be subject to VAT.

3 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.

4 Tax Provision

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Since the Sub-Fund is the ultimate party which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund's returns. In case there is any uncertainty, the Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not reflect the exact extent of PRC tax liabilities. As a result, investors may be disadvantaged or advantaged, depending on the final outcome of any tax liability. If the actual applicable tax rate levied by the PRC tax authorities is more than the provision made, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the anticipated percentage of the provision as the Sub-Fund will have to bear the additional tax liabilities. There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(f) Derivative Instruments Risk

The Sub-Fund may use derivatives for hedging purposes only. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging and the Sub-Fund may suffer significant losses. The use of derivatives may expose the Sub-Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation and settlement risks which can have an adverse effect on the Net Asset Value of the Sub-Fund.

(g) Real Estate Investment Trusts "REITs" Risks

The Sub-Fund is subject to risks inherent in REITs which invest primarily in real estate. REITs may be more volatile than other securities as they may trade less frequently and in smaller volume and they may have limited financial resources.

The performance of REITs will depend on various factors, such as management skills, for example, whether the manager is able to implement its strategy and whether the manager will change its strategy, change in value of the underlying properties, illiquidity of the investments which may affect the ability of REITs to change the investment or to liquidate part of the assets in response to changes in economic, market or other conditions, interest rate risks, changes in general and local economic conditions, taxation policies, non-renewal of expiring leases, unexpected expenditure or failure of lessees to meet their obligations. Further, REITs are subject to heavy cash flow dependency.

An investment in the Sub-Fund is not equivalent to an investment in a REIT and that the distribution of the Sub-Fund (if any) will not be the same as the distribution of the underlying REITs.

Investors should also note that the Sub-Fund may also invest in REITs that are not authorized by the SFC.

(h) Risks Relating to Investment in ETFs

Investors should note that the market price of the units of an ETF traded on the SEHK is determined not only by the Net Asset Value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the SEHK. Therefore, there is a risk that the market price of the units of the ETF traded on the SEHK may diverge significantly from the Net Asset Value of the ETF.

An ETF's returns may deviate from the index to which it is tracking due to a number of factors. For example, the fees and expenses of an ETF, the need for the manager of an ETF to adopt a representative sampling strategy, rounding of share prices, changes to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index. Further, an ETF may receive income (such as interests and dividends) from its assets while the tracking index does not have such sources of income.

An ETF is not actively managed. The manager of an ETF may not take an active role in defending the position of the ETF in declining markets. Hence, any fall in the relevant index will result in a corresponding fall in the value of the ETF.

There can be no assurance that an active trading market in respect of the units of an ETF will be developed or maintained.

(i) Exchange Rate Risk

As the Sub-Fund is denominated in Hong Kong dollars, investments denominated in currency or currencies other than Hong Kong dollars may expose the Sub-Fund to the exchange rate risk and fluctuation, as such, the performance of the Sub-Fund may be affected by the exchange rate movement. The Sub-Fund may also be subject to bid/offer spread when converting to and from one currency and the other.

In addition, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

(j) Risk in Relation to Distribution

The indicative per annum distribution rate each year may vary and may go up and down. The Manager retains the absolute discretion to determine or vary the frequency and dates for distribution.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

(k) Potential Conflicts of Interest

The Sub-Fund may invest in ETFs managed by the Manager and this may give rise to potential conflicts of interests. All initial charges (if any) on the underlying ETFs must be waived. The Manager may not obtain a rebate on any fees or charges levied by such underlying ETFs.

Also, the Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager of the Sub-Fund. Furthermore, the Manager and the Trustee are affiliated. Situation may arise where there are conflicts of interest between such entities. If such conflict arises, each of the Manager and the Trustee will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

For information relating to conflicts of interest, please refer to the sub-section headed "Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions" on pages 38 to 39 of the Explanatory Memorandum.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed "Investment and Borrowing Restrictions" on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during a prescribed period (the "**Initial Period**"). The Manager may levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 10 below.

Currently, the Sub-Fund offers Class A – HKD Units and Class A – RMB Hedged Currency Class Units.

Class A – HKD Units of the Sub-Fund are denominated in HK dollars. Class A – RMB Hedged Currency Class Units of the Sub-Fund are denominated in RMB.

For the avoidance of doubt, where the Sub-Fund has “Class A - HKD Units”, “Class A - RMB Hedged Currency Class Units”, or such other class which name commences with “Class A”, each class of such Units shall be considered a separate class.

Class A – HKD Units of the Sub-Fund were initially offered at an issue price of HK$10.00 per Unit (exclusive of any applicable initial charge) during its Initial Period which has already been closed.

Class A – RMB Hedged Currency Class Units of the Sub-Fund were initially offered for subscription by investors at an issue price of RMB10.00 per Unit (exclusive of any applicable initial charge) during its Initial Period which has already been closed.

Class A – RMB Hedged Currency Class Units are primarily targeted for investors whose base currency of investment is RMB. The Class A – RMB Hedged Currency Class Units aim to provide a return on investment which correlates with the return of the Class A – HKD Units (HK dollars being the Sub-Fund’s base currency) by reducing the effect of exchange rate fluctuations between the Sub-Fund’s base currency (i.e. HK dollars) and the RMB Hedged Currency Class currency (i.e. RMB) whilst taking into account practical considerations such as transaction costs. However, the return of the Class A – RMB Hedged Currency Class Units will never correlate perfectly to the Class A – HKD Units due to various factors, including but not limited to short-term interest rate differentials, unrealized gains/losses on currency forward positions not being invested until the gains/losses are realised and transaction costs attributable to the hedging activity. Investors should be aware that any currency hedging process may not give a precise hedge. Investors should also note that the distribution amount and/or rate of the Class A – RMB Hedged Currency Class Units may be more than or less than such amount and/or rate of the Class A – HKD Units due to various factors, including but not limited to short-term interest rate differentials. Consequently, the Class A – RMB Hedged Currency Class Units are not recommended for investors whose base currency of investment is not RMB. Investors who choose to convert other currencies into RMB to invest in the Class A – RMB Hedged Currency Class Units should understand that they may be exposed to higher currency risks and may suffer a higher loss as a result of exchange rate fluctuations than an investor whose base currency of investment is in RMB.

Subsequent issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of the relevant class Units of the Sub-Fund on a Dealing Day will be calculated by reference to the Sub-Fund’s Net Asset Value per Unit as at that Dealing Day, save that for Class A – RMB Hedged Currency Class Units of the Sub-Fund, the issue price (exclusive of any initial charges) of such Units on a Dealing Day (as calculated in accordance with the sub-section headed “Calculation of Issue and Redemption Price” below) will be the Net Asset Value per such Unit in HKD (the base currency of the Sub-Fund) (net of all realized or unrealized gains/losses or expenses arising from the hedging transactions borne by Unitholders of Class A – RMB Hedged Currency Class Units) as at that Dealing Day multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 p.m. (London time) on that Dealing Day, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed “Fees and Expenses” on page 10 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager’s webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum subscription and subsequent holding

Only Class A – HKD Units and Class A – RMB Hedged Currency Class Units are currently available for subscription.

Unless otherwise allowed under the section headed "Regular Savings Plan" on page 9 below, the minimum amount of each subscription in each of the Class A – HKD Units and Class A – RMB Hedged Currency Class Units of the Sub-Fund during and after the Initial Period shall be HK$10,000 and its equivalent amount in RMB respectively, in each case inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A – HKD Units or Class A – RMB Hedged Currency Class Units (as the case may be) of the Sub-Fund if, after redemption, the Unitholder's holding in Class A – HKD Units or Class A – RMB Hedged Currency Class Units (as the case may be) of the Sub-Fund falls below HK$10,000 or its equivalent amount in RMB (as the case may be).

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD" and crossed "A/C Payee Only, Not Negotiable" or by telegraphic transfer or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C Numbers:
For Class A – HKD Units: 012-875-0-044596-0
For Class A – RMB Hedged Currency Class Units: 012-875-9-251458-0

Subscription monies for Class A – HKD Units must be paid in HK Dollars. Subscription monies for Class A – RMB Hedged Currency Class Units must be paid in RMB.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in the currency in which the particular class of Units being subscribed for is denominated to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

Units of the relevant class realised on a Dealing Day will be redeemed at a price calculated by reference to the Net Asset Value per Unit of that class of the Sub-Fund as at that Dealing Day, save that for Class A – RMB Hedged Currency Class Units of the Sub-Fund, the redemption price of such Units on a Dealing Day (as calculated in accordance with the sub-section headed "Calculation of Issue and Redemption Price" below) will be the Net Asset Value per such Unit in HKD (the base currency of the Sub-Fund) (net of all realized or unrealized gains/losses or expenses arising from the hedging transactions borne by Unitholders of Class A – RMB Hedged Currency Class Units) as at that Dealing Day multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 p.m. (London time) on that Dealing Day, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

No Unitholder shall be entitled to realize part only of his holding of Class A – HKD Units or Class A – RMB Hedged Currency Class Units (as the case may be) of the Sub-Fund if (i) such redemption would result in his holding of Units after redemption being less than HK$10,000 or its equivalent amount in RMB (as the case may be); or (ii) the amount of proceeds realized from Class A – HKD Units or Class A – RMB Hedged Currency Class Units (as the case may be) of the Sub-Fund is less than HK$10,000 or its equivalent amount in RMB (as the case may be). However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will be paid in the currency in which the particular class of Units of the Sub-Fund being redeemed are denominated. However, in respect of Class A – RMB Hedged Currency Class Units, due to the exchange controls and restrictions applicable to RMB, the Manager may not be able to get sufficient amounts of RMB in a timely manner to meet redemption requests of this Class of Units if all or a substantial portion of its underlying investments are non-RMB denominated. Therefore, even if the Manager aims to pay redemption proceeds to investors of such classes of Units in RMB, investors may not receive RMB upon redemption of their investments in RMB. There is also a risk that payment of redemption proceeds in RMB may be delayed when there is insufficient RMB for currency conversion for settlement of the redemption proceeds.

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

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of the currency of the relevant class of Units (and in the case of 0.00005 or above of the relevant currency of that class of Units, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the relevant class of Units of the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution policy

In relation to the Sub-Fund, the Manager intends to declare distributions to Unitholders on a quarterly basis, by the end of March, June, September and December respectively. The Manager will declare an indicative per annum distribution rate for the relevant class of Units at the beginning of the calendar year and Unitholders will receive written notice regarding such indicative per annum distribution rate. As a whole, distributions paid in that year shall be no less than the indicative per annum distribution rate, any change of such rate will require no less than one (1) month's prior notice to Unitholders.

The Manager will normally make distributions out of net income received or receivable. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that distributions be paid out of capital, or the Manager may, in its discretion, pay distributions out of the gross income while charging/ paying all or part of the fees and expenses to/ out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital available for investment in future and may constrain capital growth.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

No distributions will be paid by the relevant class of Units if the capital is insufficient to pay the distributions.

The indicative per annum distribution rate each year may vary and may go up and down. The Manager has the sole and absolute discretion to determine or vary the frequency and dates for distributions.

Investors should note that the distribution amount and/or rate of a particular class of Units may be more than or less than such amount and/or rate of the other class(es) of Units due to various factors, including but not limited to short-term interest rate differentials. Furthermore, the compositions of the distributions of a particular class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) may not be the same as that of the other class(es) of Units.

The compositions of the distributions of the relevant class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website (www.boci-pru.com.hk).

The Manager may amend the distribution policy subject to SFC's prior approval and by giving not less than one (1) month's prior notice to Unitholders.

Fees and expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for the Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant class of Units of the Sub-Fund. The current management fee for each of the Class A Units – HKD Units and the Class A – RMB Hedged Currency Class Units of the Sub-Fund is 1.8% of the Net Asset Value per annum of such class of Units. The maximum management fee for each of the Class A Units – HKD Units and the Class A – RMB Hedged Currency Class Units of the Sub-Fund is 2% of the Net Asset Value per annum of such class of Units.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrued on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of the relevant class of Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching fee *(expressed as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1%* (For switching into a different class (denominated in a different currency) of Class A Units relating to the same Sub-Fund or switching into Class A Units of another Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

The switching fee shall be deducted from the amount reinvested into the Sub-Fund relating to Units of the New Class and shall be retained by or paid to the Manager for its own absolute use and benefit.

(iii) Fees payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value of the Sub-Fund. The current level of Trustee Fee is as follows:

For Class A – HKD Units
- 0.125% per annum on the first HK$200 million of the Net Asset Value of such class of Units
- 0.10% per annum on the next HK$200 million of the Net Asset Value of such class of Units
- 0.0875% per annum on the remaining balance of the Net Asset Value of such class of Units

For Class A – RMB Hedged Currency Class Units
- 0.125% per annum on the first RMB equivalent amount of HK$200 million of the Net Asset Value of such class of Units
- 0.10% per annum on the next RMB equivalent amount of HK$200 million of the Net Asset Value of such class of Units
- 0.0875% per annum on the remaining balance of the Net Asset Value of such class of Units

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to the section headed “Charges and Expenses” on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other charges and expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund was from the close of its Initial Period to 31 December 2015.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed “Other Charges and Expenses” on pages 37 to 38 of the Explanatory Memorandum.

FIFTH TERM SHEET TO
BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP China Wealth Fund (the "Sub-Fund")

This Fifth Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Fifth Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund, the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund and the Fourth Term Sheet in respect of the BOCIP Flexi HKD Income Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 20 February 2014 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Fifth Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Fifth Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Fifth Term Sheet shall prevail. Terms used in this Fifth Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is an equity fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund seeks to provide investors with long term capital growth by primarily investing in securities issued by or linked to companies which are related to the economy of the People's Republic of China ("PRC").

The Manager will consider investment opportunities in all market capitalization ranges and seeks to identify investment opportunities that may drive performance in different sectors. The Manager may move into the prevailing investment and sectoral themes in the market from time to time without being constrained by any specific theme. The Sub-Fund will aim to generate return without reference to any pre-defined benchmark.

It is generally expected that, at least 70% of the Sub-Fund's non-cash assets will be invested in A shares ((i) directly through the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect; and/or (ii) indirectly through investment in equity linked instruments ("ELIs") (which may take the form of notes, warrants, contracts or other structures) issued by institutions or their affiliates with Qualified Foreign Investors/ Qualified Investors or QI ("QI") status in the PRC and/or exchange traded funds ("ETFs")(which may be physical or synthetic ETFs)); B shares listed on stock exchanges in the PRC; H shares and Hong Kong-listed stocks or ETFs listed on the Stock Exchange of Hong Kong Limited ("SEHK") (including ETFs managed by the Manager) which are related to the economy of the PRC under normal market circumstances. Qualified Foreign Investors/ Qualified Investors or "QI" refers to foreign institutional investors who are approved as such, including qualified foreign institutional investors ("QFIIs") or RMB qualified foreign institutional investors ("RQFIIs") previously approved, by the China Securities Regulatory Commission ("CSRC") to invest in the PRC securities and futures markets with funds raised overseas.

The following is an indicative investment allocation with respect to the Sub-Fund's investment in equities which are related to the economy of the PRC. Investors should note that this allocation may change in light of prevailing market conditions.

Type of Investment	*Indicative investment allocation (as a % of the Sub-Fund's Net Asset Value)*
Hong Kong-listed stocks or ETFs listed on the SEHK (including H shares and ETFs managed by the Manager) which are related to the economy of the PRC	approximately 70% - 100%
A shares (directly invested through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect and/or indirectly through investment in ELIs and/or ETFs (which may be physical or synthetic ETFs))	approximately 0% - 30%
B shares	approximately 0% - 15%

Under the prevailing investment regulations of the PRC, foreign institutional investors who wish to invest directly in the A share market must obtain a QI status in the PRC. A shares are also available for investment by Hong Kong and overseas investors via Shanghai-Hong Kong Stock Connect and/or Shenzhen Hong Kong Stock Connect. The Manager currently intends that under normal circumstances, the aggregate investment in the A share market through the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect, ELIs and/or ETFs will not exceed 30% of the Sub-Fund's Net Asset Value. Investors should take note that with the prior approval of the SFC, the Manager may change this investment limit if it considers appropriate after taking into account the prevailing market conditions and the Manager will give the Unitholders not less than one (1) month's prior written notice as to any material increase in the exposure to the A share market.

It is expected that up to 30% of the Net Asset Value of the Sub-Fund will be invested in A shares indirectly through ELIs and the Sub-Fund's gross risk exposure to each ELI issuer will not exceed 10% of its Net Asset Value. The ELIs will be held by the Trustee of the Sub-Fund and will be linked to one or a basket of A shares. The ELIs are expected to be quoted on Bloomberg or Reuters or other similar quotation systems and will be issued by institutions or their affiliates with QI status. If the Sub-Fund invests in ELIs which are not listed or quoted on a market (market means any stock exchange, over-the-counter ("OTC") market or other organized securities market that is open to the international public and on which such securities are regularly traded), the Sub-Fund's investment therein will not exceed 15% of its latest available Net Asset Value.

Investment in A shares may also be made indirectly through ETFs listed on SEHK. The Sub-Fund's investment in each ETF will not exceed 10% of its Net Asset Value.

The Sub-Fund may also invest in other PRC-related securities listed or quoted outside Mainland China and Hong Kong if such securities are issued by companies which are related to the economy of the PRC. These securities may be listed on various stock exchanges including but not limited to stock exchanges in New York, London or Singapore, such as ADRs (American depository receipts) and GDR (Global depository receipts).

The Sub-Fund may also invest up to 5% of its Net Asset Value in Hong Kong and other offshore debt and fixed income instruments of investment grade (rated by international credit rating agencies). Currently, the Sub-Fund will not insofar as the offshore investment is concerned invest in other sovereign debt securities other than the Sub-Fund's investment in sovereign debt securities of Mainland China.

The Manager may also hold cash, deposits, certificates of deposit, treasury bills or other instruments for the account of the Sub-Fund.

Other than ELIs as mentioned in the previous paragraphs which will be used for investment purposes, the Sub-Fund will only invest in structured deposits or structured products or other financial derivative instruments for hedging purposes only.

At the date of this Term Sheet, the Manager has no intention to enter into securities lending transactions, repurchase agreements or similar OTC transactions on behalf of the Sub-Fund. With the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve) engage in securities lending transactions, repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund may increase its cash or cash equivalent holdings (including time deposits and money market instruments) (up to 100%) under exceptional circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in equity markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund is denominated in Hong Kong dollars.

Risk Factors and Risk Management Policies

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum, including general investment risk, political, economic and social risks, market risk, emerging market risk, risk relating to accounting standards and disclosure, currency risk, foreign exchange risk, securities risk, equity market risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, potential conflicts of interest, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime, generally apply to the Sub-Fund. Since the Sub-Fund involves investments in Mainland China, investors should also note risks associated with high volatility of the equity market in Mainland China and risk associated with regulatory/exchanges requirements/ policies of the equity market in Mainland China. Since the Sub-Fund has direct investment in A shares via Shanghai and Shenzhen Connect, investors should also note risks associated with Shanghai and Shenzhen Connect. Since the Sub-Fund has Units denominated in RMB and has investments denominated in RMB or exposure to RMB currency, investors should also note (i) Foreign Exchange and RMB Currency and Conversion Risks; and (ii) Risk relating to Redemption and/or Distribution Payments (if any). In addition, since the Sub-Fund offers Class A – RMB Hedged Currency Class Units, investors should also pay attention to (i) Risk relating to those class(es) of Units denominated in a currency other than the Base Currency; (ii) Currency Hedged Class Risk; and (iii) Cross-Class Liability Risk set out in the Explanatory Memorandum.

In addition to the foregoing general risk factors, investors should note the following risks:

(a) Investment Risk

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

(b) Emerging Market / PRC Market Risk

Investing in the securities relating to China is subject to the risks of investing in emerging markets generally and the risks specific to the China market in particular.

Investment in an emerging market, such as the PRC involves special risks and considerations. The Sub-Fund may be subject to risks in relation to economic, political, social and regulatory development in the PRC. These risks include the possibility of: more volatile financial markets, price volatility, smaller capital markets, less developed economic, political and social conditions and policies, less developed clearance and settlement systems and procedures, greater risks in relation to foreign exchange and liquidity, nationalisation, expropriation, government control and intervention and different accounting standards, etc.. All these may have an adverse impact on performance of the Sub-Fund.

The Sub-Fund may be subject to the economic, political and social development risks in the PRC. Although in recent years the PRC has experienced substantial economic reform, the PRC government's regulatory and legal framework for securities markets is still developing as compared to the systems in place in more mature markets.

The value of the Sub-Fund's assets may be affected by uncertainties or changes in government policies, promulgation of foreign currency and monetary policies and tax regulations. Such measures may have associated impact on the economy or financial markets of the PRC.

Companies in Mainland China are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

The Chinese government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the Sub-Fund. Furthermore, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may have an adverse impact on the performance or value of the Sub-Fund.

The clearance and settlement systems and procedures in Mainland China may be less developed. There may have times when clearance and settlements are unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Problems with clearance and settlement may affect the value and liquidity of the Sub-Fund. The inability of the Sub-Fund to make intended securities purchases due to clearance and settlement problems may result in the Sub-Fund losing investment opportunities. Inability to dispose of a portfolio security caused by such problems could result either in losses to the Sub-Fund due to subsequent declines in value of the portfolio security or, if the Sub-Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

(c) Single Country / Concentration Risk

The investments of the Sub-Fund mainly focus on PRC-related business, thereby increasing its vulnerability to the economic, political or regulatory or tax developments of a single country. This may also result in greater degree of volatility and of risk than a diversified and broad-based fund.

Further, since the Manager may from time to time move into sectoral themes in the market, the Sub-Fund may be exposed to sector risk. Its return may be dependent on the impact of sector-specific factors, such as labour shortages or increased production costs and competitive conditions within a sector, which may result in decline in the sector.

(d) Risk of Investing in Equity Securities

Investing in equity securities like H shares, shares of companies or ETFs listed on the SEHK, A shares and B shares may be associated with higher risks because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value.

The stock exchanges in the PRC on which A shares and B shares are traded are relatively at a developing stage and the choice of investments in the A share and B share markets is limited as compared with other developed securities markets. Their trading volumes may be much lower than those in developed markets. Potential volatility and illiquidity of the A share and B share markets may have an adverse impact on the prices of PRC securities in which the Sub-Fund invests or the price of the ELIs held by the Sub-Fund.

(e) Risk Relating to Investment in ELIs

Illiquidity risk: ELIs linked to one or a basket of A shares are usually subject to the terms and conditions imposed by the ELI issuer. If the Sub-Fund invests in ELIs which are not listed or quoted on a market, such investment can be highly illiquid as there may not be an active market for the ELIs. Even if the ELIs are quoted, there is no assurance that there will be an active market for them and therefore investment in these ELIs can also be highly illiquid. In order to meet realization requests, the issuer will have to act as a market maker and re-purchase the ELIs. In unwinding the ELIs, the ELI issuer will quote a price that will reflect the market liquidity conditions and the prices of the underlying securities, and the Sub-Fund may only rely upon such price in the unwinding transactions.

Potential lack of economic benefits of underlying A shares: Depending on the terms of the ELIs, investment in an ELI may not entitle the Sub-Fund to capture all the economic benefits (such as dividend or other rights) associated with the underlying A shares.

Repatriation risk: ELIs issued by institutions with the QI status will be subject to the restrictions imposed in respect of repatriation of funds. ELIs may be restricted from withdrawing funds from its account with the QI holder until and unless the QI holder as a whole is permitted to repatriate its funds under the QI rules and regulations. It may, therefore, not be possible for ELIs to repatriate funds from the PRC, or it may require government consent to do so, hence may adversely affect the Sub-Fund's liquidity and performance. Furthermore, investments in the A share market through the ELIs may be subject to other limitations, such as the control of currency conversion which may also result in difficulties in the repatriation of funds. These may restrict the Sub-Fund's performance and its ability to meet realization requests. In order to meet a substantial redemption request, the Sub-Fund may need to sell investments other than the ELIs or even suspend the determination of the Net Asset Value and dealing of the Sub-Fund.

Valuation risk: Valuation of the ELIs may be performed by the issuer or independent third parties, in accordance with the terms of the ELIs. Investors should note that different ELI issuers may have different terms for the ELI and may have varying valuation principles. Generally, valuation will be based on, among other factors, the closing price of the relevant A shares underlying the ELI. If the ELI is not denominated in RMB, the value of the ELI may also be subject to the foreign exchange conversion between RMB and the currency in which the ELI is denominated. Valuation of the ELIs may also involve the imposition of any bid and offer spread or any other charges by the issuer. Valuation uncertainties such as foreign exchange conversion risk, bid and offer spread and other charges could have an adverse effect on the Net Asset Value of the Sub-Fund.

Credit risk: As the Sub-Fund will invest in ELIs, performance of the Sub-Fund may be adversely affected if the issuer of the ELIs defaults due to a credit or liquidity problem. If any one of the ELIs issuers fails to perform its obligations under the ELIs, the Sub-Fund may suffer losses which may be equal to the full value of investment in such ELIs.

An ELI issuer must meet the following criteria: (i) it or the guarantor of the relevant ELI (as the case may be) must have a credit rating acceptable to the Manager (taking into account factors such as the prevailing market conditions, the credit ratings of other entities with comparable financial standing and the credit rating of the holding company of the relevant counterparty); and (ii) it or the guarantor of the relevant ELI (as the case may be) must be an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of the 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. A member company of a group including a commercial bank supervised by a regulator in a jurisdiction acceptable to the Manager.

QI risk: Given that the issuance of the ELIs depends on the ability of the QI to buy and sell A shares, any restrictions or any changes in laws and regulations imposed by the PRC government on QI's operations may adversely affect the issuance of ELIs. If the QI status of the relevant QI is revoked, the relevant ELI issuer may cease to be under an obligation to extend the duration of the ELIs or to issue further ELIs. This may have impact on the Sub-Fund's ability to achieve its investment objective.

Investors should also note that the above risks relating to ELIs will increase as the Sub-Fund's investment through ELIs in the A share market increases.

(f) Risks Relating to Investment in ETFs

Investors should note that the market price of the units of an ETF traded on the SEHK is determined not only by the Net Asset Value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the SEHK. Therefore, there is a risk that the market price of the units of the ETF traded on the SEHK may diverge significantly from the Net Asset Value of the ETF.

An ETF's returns may deviate from the index to which it is tracking due to a number of factors. For example, the fees and expenses of an ETF, the need for the manager of an ETF to adopt a representative sampling strategy, rounding of share prices, changes to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index. Further, an ETF may receive income (such as interests and dividends) from its assets while the tracking index does not have such sources of income.

An ETF is not actively managed. The manager of an ETF may not take an active role in defending the position of the ETF in declining markets. Hence, any fall in the relevant index will result in a corresponding fall in the value of the ETF.

There can be no assurance that an active trading market in respect of the units of an ETF will be developed or maintained.

(g) Derivative Instruments Risk

The Sub-Fund may use derivatives for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging and the Sub-Fund may suffer significant losses. The use of derivatives may expose the Sub-Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation and settlement risks which can have an adverse effect on the Net Asset Value of the Sub-Fund.

(h) PRC Tax Risk

Various tax reforms have been implemented by the PRC government in recent years. There can be no assurance that these existing tax laws will not be revised or abolished. The Sub-Fund may be subject to withholding and various other taxes imposed in Mainland China. Any changes in tax policies may affect adversely the performance of companies in the PRC or companies with activities closely related to the economic development and growth of the PRC.

1 Corporate Income Tax ("CIT")

1.1 Investing in A shares

a) Capital gains

Under the prevailing PRC CIT Law, gains derived by a non-resident from the trading of A shares would be subject to PRC withholding income tax ("WHT") unless exempted under tax law and/or an applicable tax treaty.

Under the terms of the ELIs, the QI (or the then QFII) being the issuer of the ELIs held by the Sub-Fund will pass on this potential tax liability to the Sub-Fund in the form of a WHT. The Sub-Fund is the ultimate party which will bear the potential WHT liability in respect of ELIs held by the Sub-Fund. If WHT is levied, it shall be deducted from the value of the ELIs and this will have an impact on the Net Asset Value of the Sub-Fund.

Pursuant to Caishui [2014] No. 79 – The Circular Concerning the issue of temporary exemption from the imposition of capital gain tax arising from gains from the transfer of equity investment assets such as PRC domestic shares by QFII and RQFII ("Circular 79") issued by the Ministry of Finance of the PRC ("MOF"), the State Administration of Taxation of the PRC ("SAT") and the CSRC on 14 November 2014, effective from 17 November 2014, capital gains derived by a QFII or RQFII (i.e. QI under the prevailing QI rules and regulations) from trading of A shares are temporarily exempted from WHT, provided the capital gains are not effectively connected with any permanent establishment ("PE") (if any) that the then QFII or RQFII (or currently the QI) has in China; such exemption, however, will not apply to capital gains derived by the then QFII or RQFII from transactions prior to 17 November 2014.

Pursuant to "Caishui [2014] No. 81 – The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets" ("Circular 81") and "Caishui [2016] No. 127 – The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets" ("Circular 127"), effective from 17 November 2014 and 5 December 2016 respectively, Hong Kong market investors, both enterprises and individuals, investing in A shares via Shanghai and Shenzhen Connect are temporarily exempted from income tax on capital gains derived from the sales of A shares traded in the SSE and SZSE.

According to Circular 81 and Circular 127, the latest capital gain tax provisioning approach is as follows:

Based on professional and independent tax advice, the Sub-Fund currently will not set aside any capital gain tax provision derived from the gains from trading of A shares by a QI (or the then QFII) in relation to which the underlying A shares to which the relevant ELIs are linked or by the Sub-Fund in investing in A shares via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect.

The Manager will assess the capital gain tax provisioning approach on an on-going basis. Should the PRC tax policies in respect of the capital gain tax change, the Manager may decide to set aside a provision to meet any potential capital gain tax liability in the future. Prospective investors should consult their independent tax advisors regarding the possible implications of capital gain tax on an investment in the Sub-Fund.

b) Dividend income

To date, a 10% PRC withholding tax has been levied on dividends, distributions and interest payments from PRC listed companies to foreign investors. The PRC resident enterprises making the dividend distribution should be the withholding agent on the tax, but the QI (or the then QFII) is the taxpayer of such tax. If the distributing company fails to withhold, then the QI (or the then QFII) will need to pay the tax on its own.

As such, the QI (or the then QFII) (in relation to the underlying A shares to which the relevant ELIs are linked) being the issuer of the ELIs held by the Sub-Fund will also pass on this distribution tax liability to the Sub-Fund in the form of a WHT. Therefore, the QI (or the then QFII) and the Sub-Fund in investing A shares directly via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect, would be subject to a WHT of 10% on all cash dividends payment or cash proceeds which were referable to dividends or distributions arising from A shares. There is no assurance that the rate of the WHT will not be changed by the relevant PRC tax authority in the future.

1.2 Investing in B shares, H shares and shares of companies listed on SEHK

a) Capital gains

Under the prevailing PRC CIT Law and regulations, capital gains derived by a non-resident from disposal of B shares and H shares could be subject to WHT at 10%, but under current practice no WHT is imposed on non-residents where both the purchase and sales of the B shares and H shares are via the stock exchange market. Capital gains derived by a non-resident from disposal of shares of companies listed on SEHK would not be subject to WHT unless the listed company is classified by the PRC tax authority as a PRC resident enterprise.

b) Dividend income

Similar to A shares, dividend and interest income derived from investment in B shares, H shares or certain shares of companies listed on SEHK (that have been classified by the PRC tax authorities as a PRC resident enterprise) by the Sub-Fund would be subject to the WHT at 10% imposed by the PRC tax authorities which may reduce the income from the Sub-Fund and will have an impact on the performance of the Sub-Fund.

1.3 Investing in debt and fixed income instruments

a) Capital gains

According to the PRC CIT Law and its Detailed Implementation Rules ("DIR"), if a non-resident enterprise does not have a PE in the PRC, or the PRC sourced income is not attributable to any PE in the PRC, then only the PRC sourced income would be subject to PRC WHT. The applicable WHT rate is 10% unless there is relief or reduction under the relevant tax treaty.

Under the prevailing CIT Law, there is no specific provision on whether capital gains derived by a non-resident enterprise from disposal of PRC debt instruments (e.g. bonds issued by PRC companies) would be considered as PRC sourced income and subject to PRC WHT at 10%. Under the current practice no WHT is imposed on capital gains derived by non-residents from disposal of PRC debt instruments.

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 "Arrangement"), for tax residents in Hong Kong that have no PE in the PRC, capital gains arising from the disposal of RMB debt instruments would not be taxed in the PRC, subject to the assessment by the PRC tax authorities.

b) Interest income

Under the domestic CIT Law and its DIR, interests derived from Mainland China by entities that are treated as non-residents in the PRC which have no establishment or place in the Mainland China are subject to PRC WHT at the rate of 10%. Under the Arrangement, for tax residents of Hong Kong that have no PE in the PRC, the WHT rate on interest income can be reduced to 7%, subject to the assessment of the PRC tax authority. The general rate of 10% will be applicable to the Sub-Fund if the preferential rate is not granted. Interest derived from government bonds is exempted from WHT.

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

In China, business tax was completely replaced by VAT starting from May 1, 2016. QI (or the then QFIIs and RQFIIs) are exempted from VAT on securities (including debt and fixed income instruments) trading activities in China according to Caishui [2016] No. 36 ("Circular 36") and Caishui [2016] No. 70. According to Circular 36 and Circular 127, the Sub-Fund is exempted from VAT on A share trading activities through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect. However, there is no clear rule on whether there is VAT exemption if the Sub-Fund invests in B shares. Thus, there may be VAT imposed on the Sub-Fund for trading of B shares. The H share transaction and other kinds of offshore shares transaction should not be subject to VAT.

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

3 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. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of A shares and B shares traded on the PRC stock exchanges. In the case of contracts for sale of A shares and B shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

According to Circular 127, Hong Kong and overseas investors borrow and return listed shares in relation to shares guarantee and short-selling through Shanghai and Shenzhen Connect, will be exempted from stamp duty from 5 December 2016.

4 Tax Provision

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Since the Sub-Fund is the ultimate parties which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund's returns. In case there is any uncertainty, the Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not reflect the exact extent of PRC tax liabilities. As a result, investors may be disadvantaged or advantaged, depending on the final outcome of any tax liability. If the actual applicable tax rate levied by the PRC tax authorities is more than the provision made, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the anticipated percentage of the provision as the Sub-Fund will have to bear the additional tax liabilities. There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Although the relevant authorities have announced that CIT, VAT and individual income tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of A shares through Shanghai and Shenzhen Connect, dividends from A shares paid to Hong Kong and overseas investors will continue to be subject to 10% PRC WHT and the company distributing the dividend has the withholding obligation. Further, investors should note that the tax exemption on gains derived from trading of A shares via Shanghai and Shenzhen Connect under Circular 81 and Circular 127 was granted on a temporary basis and there is no assurance that the Sub-Fund will continue to enjoy the tax exemption over a long period of time. It is possible that any future announcement by the PRC tax authority may subject the Sub-Fund to unforeseen tax obligations, which may have retrospective effect.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(i) Exchange Rate Risk

As the Sub-Fund is denominated in Hong Kong dollars, investments denominated in currency or currencies other than Hong Kong dollars may expose the Sub-Fund to the exchange rate risk and fluctuation, as such, the performance of the Sub-Fund may be affected by the exchange rate movement. The Sub-Fund may also be subject to bid/offer spread when converting to and from one currency and the other.

In addition, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

(j) Political or Sovereign Risk

Investors should note that investment closely related to a particular country/region may be subject to political or sovereign risks. This may include any act of war, terrorism, riot, insurrection in the country/region, the imposition of any investment, repatriation or exchange control restrictions by the government authority, the confiscation, expropriation or nationalization of any property by the government authority. Any economic downturn may adversely affect the investment sentiment and domestic economy of the country/region and affect the value of related investments. Devaluation or revaluation of the local currency, sovereign government's own capacity to repay external debt or any other political or economic risks incurred or experienced by a country/region may adversely affect the value of related investments.

(k) Potential Conflicts of Interest

The Sub-Fund may invest in ETFs managed by the Manager and this may give rise to potential conflicts of interests. All initial charges (if any) on the underlying ETFs must be waived. The Manager may not obtain a rebate on any fees or charges levied by such underlying ETFs.

Also, the Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager of the Sub-Fund. Furthermore, the Manager and the Trustee are affiliated. Situation may arise where there are conflicts of interest between such entities. If such conflict arises, each of the Manager and the Trustee will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

For information relating to conflicts of interest, please refer to the sub-section headed "Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions" on pages 38 to 39 of the Explanatory Memorandum.

(l) Performance Fee Risk

In addition to receiving a management fee, the Manager may also receive a performance fee based on the appreciation in the Net Asset Value per Unit. Investors should note that, unless specified otherwise, there is no equalization arrangement in respect of the calculation of the performance fee, that means, there is no adjustment of gains or losses on an individual Unitholder basis based on the timing the relevant Unitholder subscribes or redeems the relevant Units during the course of a performance period. The Unitholder may be advantaged or disadvantaged as a result of this method of calculating the performance fee. There is a risk that a charge of performance fee may have been borne by a Unitholder notwithstanding the Unitholder concerned may have suffered a loss in investment in the Units. On the other hand, a Unitholder may not be subject to any performance fee notwithstanding the Unitholder concerned may have realized a gain in investment in the Units.

The performance fee payable to the Manager may create an incentive for the Manager to make investments that are more risky or speculative than a fund without a performance fee mechanism. The performance fee payable to the Manager may be based in part upon unrealized gains and that such unrealized gains may never be realized by the Sub-Fund.

Please also refer to the sub-section headed "Performance Fee" on pages 15 to 18 below for details of how the performance fee is calculated.

(m) Risks Associated with Investments in Debt and Fixed Income Instruments

Interest rate risk
As the Sub-Fund may invest in instrument whose value is driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.

Liquidity and volatility risks
The markets for debt and fixed income instruments may be less liquid and more volatile 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.

Credit and counterparty risk
The debt and fixed income instruments and deposits that the Sub-Fund invests in are typically unsecured debt obligations and are not supported by any collateral. The Sub-Fund will be fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor. The issuer, guarantor or counterparty to a financial instrument may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the Sub-Fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

Credit rating downgrading risk

Investment grade securities (rated by international credit rating agencies) may be subject to the risk of being downgraded. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the 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 Sub-Fund.

(n) Risk in Relation to Distribution

Subject to the requirements in relation to the Manager's distribution policy (as stated under the "Distribution Policy" section below), the Manager retains the absolute discretion to determine or vary the frequency and dates for distribution.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

Investors should be aware that the indicative per annum distribution rate for the relevant class of Units declared by the Manager at the beginning of the calendar year will make reference to the Average Net Dividend Yield (as defined under the "Distribution Policy" section below). Since the Average Net Dividend Yield may vary and may not be a positive value, the indicative per annum distribution rate each year may go up and down. Investors should also note that the current year's net dividend yield of HSCEI (as defined under the "Distribution Policy" section below) may be higher or lower than the Average Net Dividend Yield.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Risk Management Policies

In accordance with the investment objectives and policies of the Sub-Fund, the Manager may invest in ELIs. The Manager will seek to:

(a) acquire ELIs with reputable market counterparty with investment grade credit ratings to minimize the default and credit risks;
(b) gather confirmed market news so as to assess the financial soundness of the issuers of the ELIs;
(c) conduct review on the economic developments, investment policies for foreign investors and regulatory measures of the PRC, the market of the underlying equities of ELIs, in order to monitor relevant risks to investment in ELIs;
(d) consider making tax provisions on investment in ELIs, if applicable, in order to mitigate relevant risk to the potential liability of the capital gain tax which may be levied by the PRC tax authority.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed "Investment and Borrowing Restrictions" on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during a prescribed period (the "**Initial Period**"). The Manager may levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 18 below.

Currently, the Sub-Fund offers Class A – HKD Units and Class A – RMB Hedged Currency Class Units.

Class A – HKD Units of the Sub-Fund are denominated in HK dollars. Class A – RMB Hedged Currency Class Units of the Sub-Fund are denominated in RMB.

For the avoidance of doubt, where the Sub-Fund has "Class A - HKD Units", "Class A - RMB Hedged Currency Class Units", or such other class which name commences with "Class A", each class of such Units shall be considered a separate class.

Class A – HKD Units of the Sub-Fund were initially offered at an issue price of HK$10.00 per Unit (exclusive of any applicable initial charge) during its Initial Period which has already been closed.

Class A – RMB Hedged Currency Class Units of the Sub-Fund were initially offered for subscription by investors at an issue price of RMB10.00 per Unit (exclusive of any applicable initial charge) during its Initial Period which has already been closed.

Class A – RMB Hedged Currency Class Units are primarily targeted for investors whose base currency of investment is RMB. The Class A – RMB Hedged Currency Class Units aim to provide a return on investment which correlates with the return of the Class A – HKD Units (HK dollars being the Sub-Fund's base currency) by reducing the effect of exchange rate fluctuations between the Sub-Fund's base currency (i.e. HK dollars) and the RMB Hedged Currency Class currency (i.e. RMB) whilst taking into account practical considerations such as transaction costs. However, the return of the Class A – RMB Hedged Currency Class Units will never correlate perfectly to the Class A – HKD Units due to various factors, including but not limited to short-term interest rate differentials, unrealized gains/losses on currency forward positions not being invested until the gains/losses are realised and transaction costs attributable to the hedging activity. Investors should be aware that any currency hedging process may not give a precise hedge. Investors should also note that the distribution amount and/or rate of the Class A – RMB Hedged Currency Class Units may be more than or less than such amount and/or rate of the Class A – HKD Units due to various factors, including but not limited to short-term interest rate differentials. Consequently, the Class A – RMB Hedged Currency Class Units are not recommended for investors whose base currency of investment is not RMB. Investors who choose to convert other currencies into RMB to invest in the Class A – RMB Hedged Currency Class Units should understand that they may be exposed to higher currency risks and may suffer a higher loss as a result of exchange rate fluctuations than an investor whose base currency of investment is in RMB.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of the relevant class Units of the Sub-Fund on a Dealing Day will be calculated by reference to the Sub-Fund's Net Asset Value per Unit as at that Dealing Day, save that for Class A – RMB Hedged Currency Class Units of the Sub-Fund, the issue price (exclusive of any initial charges) of such Units on a Dealing Day (as calculated in accordance with the sub-section headed "Calculation of Issue and Redemption Price" below) will be the Net Asset Value per such Units in HKD (the base currency of the Sub-Fund) (net of all realized or unrealized gains/losses or expenses arising from the hedging transactions borne by Unitholders of Class A – RMB Hedged Currency Class Units) as at that Dealing Day multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 p.m. (London time) on that Dealing Day, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 18 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A – HKD Units and Class A – RMB Hedged Currency Class Units are currently available for subscription.

Unless otherwise allowed under the section headed "Regular Savings Plan" on page 14 below, the minimum amount of each subscription in each of the Class A – HKD Units and Class A – RMB Hedged Currency Class

Units of the Sub-Fund during and after the Initial Period shall be HK$10,000 and its equivalent amount in RMB respectively, in each case inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A – HKD Units or Class A – RMB Hedged Currency Class Units (as the case may be) of the Sub-Fund if, after redemption, the Unitholder's holding in Class A – HKD Units or Class A – RMB Hedged Currency Class Units (as the case may be) of the Sub-Fund falls below HK$10,000 or its equivalent amount in RMB (as the case may be).

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD", and crossed "A/C Payee Only, Not Negotiable" or by telegraphic transfer or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C Numbers:
For Class A – HKD Units: 012-875-0-044596-0
For Class A – RMB Hedged Currency Class Units: 012-875-9-251458-0

Subscription monies for Class A – HKD Units must be paid in HK Dollars. Subscription monies for Class A – RMB Hedged Currency Class Units must be paid in RMB.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in the currency in which the particular class of Units being subscribed for is denominated to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

Units of the relevant class realised on a Dealing Day will be redeemed at a price calculated by reference to the Net Asset Value per Unit of that class of the Sub-Fund as at that Dealing Day, save that for Class A – RMB Hedged Currency Class Units of the Sub-Fund, the redemption price of such Units on a Dealing Day (as calculated in accordance with the sub-section headed "Calculation of Issue and Redemption Price" below) will be the Net Asset Value per such Unit in HKD (the base currency of the Sub-Fund) (net of all realized or unrealized gains/losses or expenses arising from the hedging transactions borne by Unitholders of Class A – RMB Hedged Currency Class Units) as at that Dealing Day multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 p.m. (London time) on that Dealing Day, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

No Unitholder shall be entitled to realize part only of his holding of Class A – HKD Units or Class A – RMB Hedged Currency Class Units (as the case may be) of the Sub-Fund if (i) such redemption would result in his holding of Units after redemption being less than HK$10,000 or its equivalent amount in RMB (as the case may be); or (ii) the amount of proceeds realized from Class A – HKD Units or Class A – RMB Hedged Currency Class Units (as the case may be) of the Sub-Fund is less than HK$10,000 or its equivalent amount in RMB (as the case may be). However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will be paid in the currency in which the particular class of Units of the Sub-Fund being redeemed are denominated. However, in respect of Class A – RMB Hedged Currency Class Units, due to the exchange controls and restrictions applicable to RMB, the Manager may not be able to get sufficient amounts of RMB in a timely manner to meet redemption requests of this Class of Units if all or a substantial portion of its underlying investments are non-RMB denominated. Therefore, even if the Manager aims to pay redemption proceeds to investors of such classes of Units in RMB, investors may not receive RMB upon redemption of their investments in RMB. There is also a risk that payment of redemption proceeds in RMB may be delayed when there is insufficient RMB for currency conversion for settlement of the redemption proceeds.

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

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of the currency of the relevant class of Units (and in the case of 0.00005 or above of the relevant currency of that class of Units, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the relevant class of Units of the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution Policy

The Manager will declare an indicative per annum distribution rate for the relevant class of Units at the beginning of the calendar year which will not be less than the average of the net dividend yield of the Hang Seng China Enterprises Index (which is a price index) ("HSCEI") over the past 5 years (the "Average Net Dividend Yield"). The Unitholders will receive written notice regarding such indicative per annum distribution rate. The Manager intends to declare distributions on a quarterly basis, by the end of March, June, September and December respectively. The distributions may not be made equally in each quarter. As a whole, distributions paid in that year shall be no less than the indicative per annum distribution rate, any change of such rate will require no less than one (1) month's prior notice to Unitholders.

The Manager will normally make distributions out of net income received or receivable. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that distributions be paid out of capital, or the Manager may, in its discretion, pay distributions out of the gross income while charging/ paying all or part of the fees and expenses to/ out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital available for investment in future and may constrain capital growth.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

No distributions will be paid by the relevant class of Units if the capital is insufficient to pay the distributions.

The indicative per annum distribution rate each year may vary and may go up and down. Subject to the requirements in relation to the Manager's distribution policy as stated in the first paragraph under this section, the Manager has the sole and absolute discretion to determine or vary the frequency and dates for distributions.

The Manager may amend the distribution policy subject to SFC's prior approval and by giving not less than one (1) month's prior notice to Unitholders.

Investors should note that the distribution amount and/or rate of a particular class of Units may be more than or less than such amount and/or rate of the other class(es) of Units due to various factors, including but not limited to short-term interest rate differentials. Furthermore, the compositions of the distributions of a particular class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) may not be the same as that of the other class(es) of Units.

The compositions of the distributions of the relevant class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website(www.boci-pru.com.hk).

Fees and Expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for each Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant class of Units of the relevant Sub-Fund. The current management fee for each of the Class A Units – HKD Units and the Class A – RMB Hedged Currency Class Units of the Sub-Fund is 1.8% of the Net Asset Value per annum of such class of Units. The maximum management fee for each of the Class A Units – HKD Units and the Class A – RMB Hedged Currency Class Units of the Sub-Fund is 2% of the Net Asset Value per annum of such class of Units.

The management fee is calculated and accrued on each Dealing Day and are paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

No servicing fee will be levied for Class A Units of the Sub-Fund.

(ii) Performance Fee

The Manager is entitled to charge a performance fee for the relevant class of Units of the Sub-Fund calculated on a daily basis and payable annually in arrears after the end of each performance period. Except for the first performance period stated below, "performance period" means "calendar-year period". Details of the Performance Fee are as follows:

In respect of each Dealing Day, if (a) the change in the Net Asset Value per Unit of the relevant class of Units (if applicable) of the Sub-Fund on that Dealing Day (i) is a positive value and (ii) exceeds the Performance Hurdle (as defined below); and (b) the Net Asset Value per Unit on that Dealing Day is higher than the High Water Mark (as defined below) ((a) and (b) above are collectively referred to as the "Required Conditions"), a performance fee will, subject to the application of Performance Fee Non-Accrual Period as described below, be calculated and accrued as follows:

Daily Performance Fee Accrual =
Excess Return per Unit x 20% x Number of Units in issue for the relevant class of Units (if applicable) on the relevant Dealing Day (excluding Units created or redeemed on the relevant Dealing Day)

where

Excess Return per Unit =
Minimum {[(NAV_T – $NAV_{(T-1)}$) – Performance Hurdle], [NAV_T – $NAV_{(T-1)}$] }

Performance Hurdle =
(HSCEI level on a Dealing Day – HSCEI level on the previous Dealing Day) ÷ HSCEI level on the previous Dealing Day x NAV $_{(T-1)}$

NAV_T = Net Asset Value per Unit of the relevant class of Units (if applicable) of the Sub-Fund on a Dealing Day (net of all fees, expenses, tax/ tax provision and any distribution deducted for that quarter on the ex distribution date (if applicable) but prior to the deduction of any provision for any performance fee for that Dealing Day in relation to that Unit)

$NAV_{(T-1)}$ = Net Asset Value per Unit of the relevant class of Units (if applicable) of the Sub-Fund on the previous Dealing Day (net of all fees, expenses, tax/ tax provision and any distribution deducted for that quarter on the ex distribution date (if applicable) and after the deduction of any provision for any performance fee for that previous Dealing Day in relation to that Unit)

NAV_T – $NAV_{(T-1)}$ = Change in the Net Asset Value per Unit of the relevant class of Units of the Sub-Fund on a Dealing Day

On the initial issue of the Unit of the relevant class of Units of the Sub-Fund, the High Water Mark will be equal to the issue price of the relevant class of Units on its inception date (exclusive of any applicable initial charge)(the "Initial Issue Price"). The High Water Mark will not be set at a level below the relevant Initial Issue Price.

The cumulative performance fee accrual from the beginning of a performance period will be included in the total liabilities of the relevant class of Units of the Sub-Fund for the purpose of calculating the Net Asset Value per Unit. Irrespective of whether or not the Net Asset Value per Unit of the relevant class of Units of the Sub-Fund exceeds the High Water Mark, if any change in the Net Asset Value per Unit of the relevant class of Units of the Sub-Fund being less than the Performance Hurdle, the performance fee accrual on the relevant Dealing Day will be negative and will reduce the cumulative performance fee accrual until such accrual reaches a minimum level of zero. If the cumulative performance fee accrual reaches zero during a performance period, no further performance fee accruals will be made for the relevant class of Units of the Sub-Fund until the Required Conditions have been met and subject further to the application of Performance Fee Non-Accrual Period as described below.

Performance Fee Payable Circumstances
At the end of a performance period (the last Dealing Day of a performance period) if the Net Asset Value per Unit of the relevant class of Units of the Sub-Fund exceeds the High Water Mark, the positive balance (if any) of the cumulative performance fee accrual will be payable to the Manager and the

cumulative performance fee accrual in the Net Asset Value per Unit of the relevant class of Units of the Sub-Fund will be reset to zero and the Net Asset Value per Unit of the relevant class of Units of the Sub-Fund on that day will then be set as the High Water Mark of the relevant class of Units of the Sub-Fund.

Performance Fee Non-Payable Circumstances
However, if there is a positive balance of the cumulative performance fee accrual at the end of a performance period but the Net Asset Value per Unit of the relevant class of Units of the Sub-Fund is not higher than the High Water Mark being set for that performance period, the positive balance will not become payable to the Manager but will be brought forward to the next performance period and the High Water Mark being set at the last occasion where the performance fee was last calculated and paid (or the first High Water Mark, that is, the Initial Issue Price, if no performance fee was last calculated and paid) will become the High Water Mark for the next performance period.

Performance Fee Non-Accrual Period

Notwithstanding the charging mechanism mentioned above, the Manager currently takes into account the application of a suspension period during which the performance fee will not be accrued (a "Performance Fee Non-Accrual Period") (as described in details below). However, the Manager may subsequently decide on its own that the Performance Fee Non-Accrual Period shall cease to apply by serving not less than two (2) months' prior written notice to the Unitholders. A Performance Fee Non-Accrual Period commences on the relevant Dealing Day when the cumulative "Notional Daily Performance Fee Accrual" (as defined below) becomes negative and ends on the relevant Dealing Day when the cumulative Notional Daily Performance Fee Accrual becomes positive.

If the change in the Net Asset Value per Unit of the relevant class of Units of the Sub-Fund on the Dealing Day ("the NAV change") is a positive value but is less than the Performance Hurdle or if the NAV change is a negative value, the Notional Daily Performance Fee Accrual on the relevant Dealing Day will be negative and will reduce its accrual balance. If such accrual balance continues to be reduced after dropping down to the level of zero, the Notional Daily Performance Fee Accrual will become negative.

On the other hand, if the NAV change is a positive value and is greater than the Performance Hurdle, the Notional Daily Performance Fee Accrual on the relevant Dealing Day will be positive and will reduce any negative balance of the Notional Daily Performance Fee Accrual. If the negative balance of such accrual continues to be reduced after reaching the level of zero, it will go back to a positive value.

"Notional Daily Performance Fee Accrual" means a virtual daily performance fee accrual figure (which can be a positive or negative value) calculated by using the formula of "Daily Performance Fee Accrual" above but with the following exception: while the Daily Performance Fee Accrual will only be reduced to a minimum level of zero, the Notional Daily Performance Fee Accrual may continue to go down and record negative values. When the cumulative Notional Daily Performance Fee Accrual records a negative figure, a Performance Fee Non-Accrual Period commences. The Performance Fee Non-Accrual Period continues as long as the cumulative Notional Daily Performance Fee Accrual records a negative figure.

"Notional Account" is a notional account set up purely for the purpose of calculation of Performance Fee Non-Accrual Period which records the cumulative Notional Daily Performance Fee Accrual. It serves the purpose of setting a reference point for determining the Performance Fee Non-Accrual Period by the Manager. It will not operate to affect the Net Asset Value per Unit of the relevant class of Units (if applicable) of the Sub-Fund.

Under the application of the Performance Fee Non-Accrual Period, even though the Required Conditions have been met, so long as the cumulative Notional Daily Performance Fee Accrual records a negative figure, the Performance Fee will not be accrued until the Performance Fee Non-Accrual Period comes to an end, that is, when the cumulative Notional Daily Performance Fee Accrual becomes positive again.

If, at the end of a performance period, under the Performance Fee Payable Circumstances as described above, the balance in the Notional Account will be reset to zero. However, if, at the end of a performance period, under the Performance Fee Non-Payable Circumstances as described above, the balance in the Notional Account will be brought forward to the next performance period.

Units will be subscribed or redeemed during a performance period based on the Net Asset Value per Unit of the relevant class of Units of the Sub-Fund (taking into account any positive balance of performance fee accruals as calculated in accordance with the above). There is no equalization arrangement in respect of the calculation of the performance fees, that means, there is no adjustment of gains or losses on an individual Unitholder basis based on the timing the relevant Unitholder subscribes or redeems the relevant class of Units during the course of a performance period. The Unitholder may be advantaged or disadvantaged as a result of this method of calculating the performance fee. A charge of performance fee may have been borne by a Unitholder notwithstanding the Unitholder concerned may have suffered a loss in investment in the Units. On the other hand, a Unitholder may not be subject to any performance fee notwithstanding the Unitholder concerned may have realized a gain in investment in the Units.

The Manager reserves the right to create new class of Units of the Sub-Fund for new subscription with an initial High Water Mark set at the then Net Asset Value of the relevant class of Units of the Sub-Fund and to immediately close the relevant existing class of Units of the Sub-Fund for new subscriptions. Redemptions of the Units of the existing class of Units will continue to be available to the Unitholders. The Manager also reserves the right to consolidate the different classes of Units of the Sub-Fund into a single class after due consideration to the operational and taxation impact of the class consolidation and all affected Unitholders will be informed accordingly. Further, the Manager reserves the right to amend the Performance Hurdle upon seeking prior approval from the SFC and on giving not less than three (3) months' notice of such change to the affected Unitholders and the Trustee.

The first performance period in respect of Class A – HKD Units was from the close of its Initial Period to its first calendar year end, 31 December 2014. The first performance period in respect of Class A – RMB Hedged Currency Class Units was from the close of its initial period to 31 December 2016.

Any performance fee payable shall be paid within 30 days after the end of the relevant performance period of the relevant class of Units.

Illustrative Examples

The examples below are shown for illustration purposes only and may contain simplifications.

Calculation of Daily Performance Fee Accrual

Assumptions:-

NAV per Unit on Day 1	: HKD10 (Initial Subscription Price)
NAV per Unit on Day 2	: HKD11
High Water Mark	: HKD10
HSCEI on Day 1	: 9400
HSCEI on Day 2	: 9964
Number of Units in issue	: 1,000

At the end of Day 2, the change in NAV per unit is thus HKD1.
The Performance Hurdle is:
(9964 – 9400) / 9400 x HKD10 = HKD0.60

The excess return per Unit over performance hurdle is:
HKD1 – HKD0.60 = HKD0.40
and
The Daily Performance Fee Accrual is:
HKD0.40 x 20% x 1,000 Units = HKD80

Note: The Daily Performance Fee Accrual can be negative if the change in the NAV per Unit is less than the performance hurdle.

Performance Fee Payable Circumstances

(I) At the end of the first performance period

Assumptions:-

NAV per Unit on Day 365	: HKD13.50
High Water Mark	: HKD10
Number of Units in issue	: 1,000
Cumulative Performance Fee Accrual on Day 364	: HKD4,900
Daily Performance Fee Accrual on Day 365	: HKD100

At the end of the first performance period, the NAV per unit (i.e. HKD13.50) exceeds the High Water Mark (i.e. HKD10). Hence, the amount of HKD5,000 (i.e. HKD4,900 + HKD100) of the cumulative performance fee accrual will be payable to the Manager and the balance of cumulative performance fee accrual will be reset to zero.

The NAV per unit after deduction of performance fee of this dealing day is:

(HKD13.50 x 1,000 units – HKD100) / 1,000 units = HKD13.40. This will thus become the High Water Mark for the next performance period.

Performance Fee Non-Payable Circumstances

(II) At the end of the second performance period

Assumptions:-

NAV per Unit on Day 730	: HKD12.20
High Water Mark	: HKD13.40
Number of Units in issue	: 1,000
Cumulative performance fee accrual	: -HKD350

The cumulative performance fee accrual is a negative amount, no performance fee will be borne by investor(s) as no performance fee will be payable to the Manager for this second performance period. The **negative balance** of the cumulative performance fee accrual (i.e. HKD350) will be brought forward to the next performance period and the High Water Mark (ie. HKD13.40) will remain unchanged.

(iii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of the relevant class of Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching fee *(expressed as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1%* (For switching into a different class (denominated in a different currency) of Class A Units relating to the same Sub-Fund or switching into Class A Units of another Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

The switching fee shall be deducted from the amount reinvested into the Sub-Fund relating to Units of the New Class and shall be retained by or paid to the Manager for its own absolute use and benefit.

(iv) Fees payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value of the Sub-Fund. The current level of Trustee Fee is as follows:

For Class A – HKD Units

- 0.125% per annum on the first HK$200 million of the Net Asset Value of such class of Units
- 0.10% per annum on the next HK$200 million of the Net Asset Value of such class of Units
- 0.0875% per annum on the remaining balance of the Net Asset Value of such class of Units

For Class A – RMB Hedged Currency Class Units

- 0.125% per annum on the first RMB equivalent amount of HK$200 million of the Net Asset Value of such class of Units
- 0.10% per annum on the next RMB equivalent amount of HK$200 million of the Net Asset Value of such class of Units
- 0.0875% per annum on the remaining balance of the Net Asset Value of such class of Units

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to the section headed "Charges and Expenses" on pages 35 to 39 of the Explanatory Memorandum.

(v) Other charges and expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund was from the close of its Initial Period to 31 December 2014.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

FOURTH TERM SHEET TO BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP Flexi HKD Income Fund (the "Sub-Fund")

This Fourth Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Fourth Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund, the Second Term Sheet in respect of the BOCIP China Bond Fund and the Third Term Sheet in respect of the BOCIP Japan Small & Mid Cap Opportunity Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 20 December 2013 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Fourth Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Fourth Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Fourth Term Sheet shall prevail. Terms used in this Fourth Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is a bond fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund is a bond fund which seeks to provide long-term capital appreciation through a portfolio which mainly (at least 70% of its Net Asset Value) consists of Hong Kong dollar denominated and settled bonds and other fixed income securities. Such bonds and fixed income securities are issued by a variety of issuers such as government, quasi-government entities, financial institutions or other corporations.

Not less than 50% of the Sub-Fund's Net Asset Value will be invested in investment grade fixed income securities. Up to 50% of the Sub-Fund's Net Asset Value may be invested in, but are not limited to, high-yield debt securities, which may be listed or unlisted, and may or may not be rated by ratings agencies and may not be of investment grade.

The Manager may also invest up to 30% of the Sub-Fund's Net Asset Value in debt and fixed income instruments denominated and settled in other currencies, including but not limited to US dollar (the lawful currency of the United States of America) and/or Renminbi ("RMB") (including offshore RMB denominated and settled debt instruments which are issued or listed outside Mainland China ("Dim Sum bonds") and onshore RMB denominated and settled debt instruments issued or distributed within Mainland China).

For investment in onshore RMB denominated and settled debt instruments, the Sub-Fund may invest in these instruments through (i) the Bond Connect[1]; and (ii) investment in SFC authorized collective investment schemes ("CISs") (including CISs managed by the Manager) such as QI Funds[2].

[1] The Bond Connect is a mutual bond market access scheme between Mainland China and Hong Kong. Under the Northbound Trading of the Bond Connect, eligible foreign investors can invest in the China interbank bond market.

The Sub-Fund may invest not more than 30% of its Net Asset Value in debt instruments with loss-absorption features (LAP) including (i) non-preferred senior debt instruments or external LAC debt instruments or total loss-absorbing capacity debt instruments (TLAC) or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).
The Sub-Fund may invest up to 15 % of its Net Asset Value in asset-backed securities ("ABS") and/or mortgage-backed securities ("MBS") for investment purposes. Other than ABS and MBS, the Sub-Fund will not invest in other structured products for investment or hedging purposes.

The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade.

The Sub-Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for hedging purposes only Provided That such investments shall comply with the investment restrictions set out in Chapter 7 of the UTMF Code.

At the date of this Term Sheet, the Manager has no intention to enter into securities lending transactions, repurchase or reverse repurchase agreements or similar over-the-counter ("OTC") transactions on behalf of the Sub-Fund. With the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve) engage in securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund is denominated in Hong Kong Dollars.

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum, including general investment risk, political, economic and social risks, interest rate risk, market risk, emerging market risk, risk relating to accounting standards and disclosure, valuation risk, currency risk, foreign exchange risk, securities risk, credit risk, counterparty risk, credit rating risk, downgrading risk, risk associated with debt securities rated below investment grade or unrated debt securities, sovereign debt risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime, generally apply to the Sub-Fund. Since the Sub-Fund has investments denominated in RMB or exposure to RMB currency, investors should also note (i) Foreign Exchange and RMB Currency and Conversion Risks and (ii) Risk relating to Redemption and/or Distribution Payments (if any). Since the Sub-Fund involves investments in debt securities/fixed income instruments in Mainland China, investors should also note (i) credit rating agency risk associated with investments in Mainland China onshore debt securities/fixed income instruments and (ii) liquidity and volatility risks associated with investments in debt securities/fixed income instruments in Mainland market. Since the Sub-Fund offers other class(es) of Units, investors should pay attention to (i) risk relating to those class(es) of Units denominated in a currency other than the Base Currency set out in the Explanatory Memorandum and (ii) cross-class liability risk. Also, since the Sub-Fund also offers Class A – RMB Units, investors should also pay attention to (i) foreign exchange and RMB currency and conversion risks and (ii) risk relating to redemption and/or distribution payments (if any) set out in the Explanatory Memorandum. In addition to those general risk factors, investors should also note the following risks:

(a) Investment risk

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

(b) Interest rate risk

Changes in interest rate may affect the values of fixed income securities as well as the financial markets

[2] QI Funds are funds which invest 70% or more of their Net Asset Value through its QI status, including QFII (qualified foreign institutional investors) funds and RQFII (RMB qualified foreign institutional investors) funds under the previous QFII and RQFII rules and regulations. Under the prevailing rules and regulations in the PRC, "QI" (or Qualified Foreign Investors/ Qualified Investors) refers to foreign institutional investors who are approved as such, including QFIIs or RQFIIs previously approved, by the China Securities Regulatory Commission (CSRC) to invest in the PRC securities and futures markets with funds raised overseas.

in general. Bonds and other fixed income securities are generally more susceptible to fluctuations in interest rates and may fall in value if interest rates change. In general, the prices of fixed income securities may rise when interest rates fall, whilst their prices may fall when interest rates rise. Generally, the longer the maturity or duration of a fixed income security, the greater the impact of a rise in interest rate on the security's value. Any increase in interest rates may have a direct effect on the prices of fixed income securities which in turn may adversely affect the Net Asset Value of the Sub-Fund or the income received by the investors and thus the Sub-Fund may suffer a loss in its investments.

(c) <u>Liquidity and volatility risks</u>

The markets for debt and fixed income instruments may be less liquid and more volatile 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.

(d) <u>Credit/insolvency risk and counterparty risk</u>

The Sub-Fund is exposed to the credit/insolvency risk of issuers of debt and fixed income instruments that the Sub-Fund may invest in. If the issuer of such debt instruments defaults, or such debt instruments cannot be realised, investors may suffer substantial losses.

The debt and fixed income instruments that the Sub-Fund invests in are typically unsecured debt obligations and are not supported by any collateral. If the issuer becomes insolvent, proceeds from the liquidation of the issuer's assets will be paid to holders of fixed income instruments 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 the event of bankruptcy or insolvency of any of its counterparties, the Sub-Fund may experience delays in liquidating its positions and may incur significant losses (including declines in the value of its investment) as a result of the inability to redeem its investments during the period in which the Sub-Fund seeks to enforce its rights, and the fees and expenses incurred in enforcing its rights. To the extent that a counterparty defaults on its obligations and the Sub-Fund is prevented from exercising its rights with respect to the investment in its portfolio, the Sub-Fund may experience a decline in the value and incur costs associated with its rights attached to the security. The Sub-Fund may sustain substantial losses as a result.

(e) <u>Risks associated with instruments with loss-absorption features</u>

(i) 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 a pre-defined trigger event (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.

(ii) In the event of the activation of a trigger event, 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.

(iii) The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

(iv) The Sub-Fund may invest in non-preferred senior debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

(f) <u>Credit rating downgrading risk</u>

The debt and fixed income instruments invested by the Sub-Fund may be subject to the risk of being downgraded to below investment grade securities. In the event of a credit rating downgrading, the Sub-Fund's investment value in such security may be adversely affected. The Sub-Fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk.

(g) <u>High yield investments and below investment grade and unrated securities risk</u>

The Sub-Fund may invest in securities which are below investment grade or which are unrated. Investors should note that such securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than higher rated lower yielding securities. 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 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.

(h) <u>Valuation risk</u>

Valuation of the Sub-Fund's investment may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected. The value of fixed income instruments may be affected by changing market conditions or other significant market events affecting valuation. For example, in the event of downgrading of an issuer, the value of the relevant debt instruments may decline rapidly.

(i) <u>Specific risks associated with investments in RMB denominated debt and fixed income instruments</u>

<u>Conversion and RMB currency risk</u>

The base currency of the Sub-Fund is denominated in HKD, whilst its investments in RMB denominated debt and fixed instruments are denominated in RMB. Accordingly, the Sub-Fund will need to convert HKD-denominated subscription proceeds to RMB in order to invest. To meet redemption requests, the Sub-Fund may need to convert the RMB sale proceeds back to HKD. The Sub-Fund may incur costs as a result of the conversion and is subject to currency conversion risk. Investment in the Sub-Fund or distribution payments from the Sub-Fund, if any, will be subject to fluctuations in the HKD/RMB, as well as prices of the Sub-Fund's assets. In general, the performance of the Sub-Fund will be affected by such exchange rate movements.

Further, RMB is not freely convertible and is subject to policies of exchange controls and repatriation restrictions. The Sub-Fund is subject to the risk of the People's Republic of China (the "PRC") government's imposition of restrictions on the repatriation of funds out of China, which may limit the depth of the RMB market in Hong Kong and reduce the liquidity of the Sub-Fund. As a result, the Sub-Fund's ability to satisfy payment to investors may be affected. The PRC 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.

There is no guarantee that the RMB will not depreciate. There is no assurance that RMB will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency will not develop. Any devaluation of RMB could adversely affect the value of the investors' investments in the Sub-Fund.

<u>Liquidity risks</u>

There may not be a liquid or active market for the trading of RMB-denominated debt instruments or deposits. Therefore, there is a risk that the Sub-Fund may not be able to dispose of its holdings of such assets on a timely basis, or if it does sell, it may be required to do so at a significant discount to market value. The bid and offer spread of the price of RMB debt securities may be large. Therefore, the Sub-Fund may incur significant trading and realisation costs, and may suffer significant losses when selling such investments. The Manager will seek to control the liquidity risk of the investment portfolio by a series of internal management measures in order to meet Unitholders' redemption requests.

<u>Risks relating to credit rating</u>

Currently, most of the RMB debt instruments that the Sub-Fund invests in are unrated. Valuation of these debt instruments may be more difficult and the prices of the Sub-Fund may be more volatile. Debt instruments that have a lower credit rating or that are unrated are generally more susceptible to the credit risk of the issuers. As lower-rated or unrated corporate bonds are more affected by investors' perceptions, when economic conditions appear to be deteriorating, lower rated or unrated debt instruments may decline in market value due to investors' heightened concerns regarding the credit quality of such debt instruments.

In the event of a default or credit rating downgrading of the issuers of the RMB debt instruments, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.

Emerging market risk

Investment in an emerging market, such as the PRC involves special risks and considerations. These risks include the possibility of nationalisation, expropriation, government control and intervention, smaller capital market and price volatility. All these may have an adverse impact on the performance of the Sub-Fund.

The markets in respect of RMB denominated debt instruments both in and outside of the PRC are still at a developing stage and market capitalisation and trading volumes may be lower than in more mature financial markets. Market volatility and the potential for a lack of liquidity may result in security prices fluctuating significantly, which in turn may adversely affect the volatility of the Sub-Fund's price.

Risks associated with the Bond Connect and the China interbank bond market

The Sub-Fund may invest in debt securities through the Bond Connect and may be exposed to liquidity and volatility risks, as low trading volume of certain debt securities in the China interbank bond market may cause market volatility and potential lack of liquidity. These may result in prices of certain debt securities traded on such market fluctuating significantly. The bid and offer spread of the prices of such securities may be large, and the Sub-Fund may incur significant trading and realisation costs and may potentially suffer losses when disposing of such investments.

Where the Sub-Fund enters into transactions through the Bond Connect, the Sub-Fund may also be subject to risks associated with settlement procedures and counterparties and generally to default risks. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of relevant security or payment for value.

The Sub-Fund may also be subject to the risks of default or errors on the part of third parties, including without limitation, the offshore custody agent, registration agents, or other third parties (as the case may be), given that the relevant filings or registration with the People's Bank of China ("PBOC") and the account opening and operations in relation to investments through the Bond Connect shall be carried out via such third parties.

The Sub-Fund may also be exposed to regulatory risks relating to the Bond Connect. The relevant rules and regulations on the Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening of the Bond Connect or trading through the Bond Connect, the Sub-Fund's ability to invest in the China interbank bond market and hence to achieve its investment objective may be adversely affected.

Further, if there is any non-compliance with the applicable PRC laws, regulations and rules relating to trading through the Bond Connect or the China interbank bond market or the relevant undertakings given by the Manager or other service providers, trading of the bonds will be adversely affected or even suspended which may result in liquidity or other risks. Please also refer to the risk factor "Liquidity risk" set out under the sub-section headed "Risk Factors" under the section headed "Risk Factors and Risk Management Policies" of the Explanatory Memorandum.

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

Currently, the bonds acquired by the Sub-Fund through the Bond Connect are registered in the name of the Central Moneymarkets Units (the "CMU") as nominee and held in its account with the onshore custody agents. The CMU will in turn provide bond registration and depository service for overseas investors trading under the Bond Connect. The Sub-Fund is exposed to potential risk where the precise nature and rights of the Sub-Fund in the bonds through CMU as nominee holder is not well defined under PRC law, due to a lack of clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there are limited cases involving nominee account structure in the PRC courts. The Sub-Fund may be exposed to uncertainty in the exact nature and methods of enforcement of the rights and interests of the Sub-Fund under PRC law through CMU or directly. Accordingly, the Sub-Fund's ability to enforce its rights and interests in the bonds acquired through the Bond Connect may be affected or may suffer delay.

In the absence of specific taxation rules on the Northbound Trading of the Bond Connect, the Sub-Fund may also be subject to uncertainty in relation to the tax arrangement for investment via the Bond Connect. Investors should refer to further details below under "PRC Tax Risk".

<u>The "Dim Sum" bond (i.e. bonds issued outside Mainland China but denominated in RMB) market risks</u>

The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The quantity of RMB debt securities issued or distributed outside Mainland China is currently limited. The credit quality of offshore RMB debt securities may be affected by such limited supply of debt securities and the excess demand of such debt securities in the market. This may have an adverse impact on the quality and pricing of such debt securities which in turn may have an adverse effect on the Sub-Fund's Net Asset Value.

Further, the Sub-Fund may not be able to find suitable debt instruments to invest in and hold a significant portion of assets in RMB bank deposits or term deposits with substantial financial institutions if there are not sufficient RMB debt securities for the Sub-Fund to invest in or when such instruments held are of short duration and are at maturity, until suitable RMB debt instruments are available in the market. This may adversely affect the Sub-Fund's return and performance.

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).

(j) <u>PRC tax risk</u>

Investors should also note that by investing in PRC debt instruments issued by tax residents in the PRC, the Sub-Fund may be subject to taxes imposed in the PRC, such as withholding of Corporate Income Tax.

1 Corporate Income Tax ("CIT")

a) Capital gains

According to the PRC Corporate Income Tax Law ("CIT Law") and its Detailed Implementation Rules ("DIR"), if a non-resident enterprise does not have a permanent establishment ("PE") in the PRC, or the PRC sourced income is not attributable to any PE in the PRC, then only the PRC sourced income would be subject to PRC withholding income tax ("WHT"). The applicable WHT rate is 10% unless there is relief or reduction under the relevant tax treaty.

Under the prevailing CIT Law, there is no specific provision on whether capital gains derived by a non-resident enterprise from disposal of PRC debt instruments (e.g. bonds issued by PRC companies) would be considered as PRC sourced income and subject to PRC WHT at 10%. Under the current practice no WHT is imposed on capital gains derived by non-residents from disposal of PRC debt instruments. If the relevant interpretation/practice changes in the future, the Sub-Fund may still turn to certain treaty relief applicable to Hong Kong tax residents.

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 "Arrangement"), for tax residents in Hong Kong that have no PE in the PRC, capital gains arising from the disposal of RMB debt instruments would not be taxed in the PRC, subject to the assessment by the PRC tax authorities.

b) Interest income

Under the domestic CIT Law and its DIR, interests derived from Mainland China by entities that are treated as non-residents in the PRC which have no establishment or place in the Mainland China are subject to PRC WHT at the rate of 10%. Under the Arrangement, for tax residents of Hong Kong that have no PE in the PRC, the WHT rate on interest income can be reduced to 7%, subject to the assessment of the PRC tax authority. The general rate of 10% will be applicable to the Sub-Fund if the preferential rate is not granted. Interest derived from government bonds is exempted from WHT.

In respect of the Sub-Fund's investments in PRC debt securities of which interests are derived from issuers in Mainland China, the Sub-Fund will be subject to WHT unless a specific exemption is applicable. Such WHT will reduce the income from the Sub-Fund and adversely affect the performance of the Sub-Fund. Interest income earned on PRC government bonds issued by the PRC Ministry of Finance ("MOF"), or bonds issued by local government of a province, autonomous regions, and municipalities directly under the Central Government or municipalities separately listed on the state plan, as approved by the State Council is exempt from WHT.

On 22 November 2021, the MOF and the State Taxation Administration of the PRC (“STA”) jointly released Bulletin [2021] No. 34 on tax treatment for Overseas Institutional Investors (“OIIs”) investing in China bond market (“Bulletin [2021] No. 34”).

Bulletin [2021] No. 34 provides that interest income of the bonds derived by OIIs in the China bond market is temporarily exempted from WHT for the period from 7 November 2021 to 31 December 2025.

2 Value-added Tax (“VAT”) and surtaxes

According to Caishui [2016] No.36, with the final stage of VAT reform which came into effect on 1 May 2016, income derived from the investment in PRC debt securities is subject to VAT instead of Business Tax since 1 May 2016.

Interest income received by foreign institutional investors from investments in PRC debt securities via the Bond Connect shall be subject to 6% VAT unless special exemption applies. According to Caishui [2016] No. 36, deposit interest income is not subject to VAT and interest income from earned on government bonds is exempted from VAT.

Furthermore, the MOF and the STA jointly issued Caishui [2016] No. 70, which is a supplementary notice to Caishui [2016] No. 36 concerning the financial industry. In the absence of specific VAT rules on the Bond Connect, it may make reference to Caishui [2016] No. 70.

Pursuant to Caishui [2016] No. 70, gains derived from investment in China interbank local currency markets (including money market, bond market and derivatives market) by foreign investors, which are qualified by People’s Bank of China (PBOC), are exempted from VAT since 1 May 2016.

Bulletin [2021] No. 34 provides that interest income of the bonds derived by OIIs in the China bond market is temporarily exempted from VAT for the period from 7 November 2021 to 31 December 2025.

Where capital gains are derived by a non-resident from transfer of offshore PRC investment (e.g. offshore China debt securities), VAT in general is not imposed as the purchase and disposal are concluded and completed outside China.

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

3 Stamp Duty (“SD”)

SD under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC’s Provisional Rules on SD. SD is levied on the execution or receipt in China of certain documents, including loan contracts. Currently, stamp duty is not imposed on the contracts for the sale of PRC bonds.

4 Tax Provision

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Since the Sub-Fund is the ultimate party which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund’s returns. In case there is any uncertainty, the Manager reserves the right to provide for WHT and VAT (plus surtax) on the relevant gains or income and withhold the tax for the account of the Sub-Fund. The Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not be sufficient, or may be excessive, in relation to PRC tax liabilities. As a result, investors may be disadvantaged, depending on the final outcome of any tax liability, the level of provision and when they subscribed and/or redeemed their Units. If the actual applicable tax rate levied by the PRC tax authorities is more than the provision made, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the anticipated percentage of the provision as the Sub-Fund will have to bear the additional tax liabilities. There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Trading in China interbank bond market via the Bond Connect

There is no specific written guidance by the PRC tax authorities on the treatment of VAT in respect of gains derived by foreign institutional investors from trading in China interbank bond market via the Bond Connect.

In light of the uncertainty, it may make reference to Caishui [2016] No. 70. The Manager also reserves the right to vary the amount of tax provision (if any) as it considers necessary in order to meet the potential tax liability for gains on disposal of debt securities via the Bond Connect.

The Manager, having taken and considered the independent professional tax advice and in accordance with such advice, has determined that :

(1) no PRC WHT and VAT provision will be made on the gross realized and unrealized capital gains from the disposal of PRC debt securities; and

(2) in view of Bulletin [2021] No. 34, the Manager will not make WHT provision and VAT provision on the Sub-Fund's interest income derived from onshore PRC debt instruments from now onwards until 31 December 2025.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(k) Derivative instruments risk

The Sub-Fund may use derivatives for hedging purposes only. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging and the Sub-Fund may suffer significant losses. The use of derivatives may expose the Sub-Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation and settlement risks which can have an adverse effect on the Net Asset Value of the Sub-Fund.

(l) Specific risks associated with ABS and/or MBS

The Sub-Fund may invest in ABS and/or MBS which are different from traditional bonds or debt instruments and may be highly illiquid and prone to substantial price volatility. MBS (mortgage-backed securities) are securities that are backed by the cash flows of a mortgage or a pool of mortgages. ABS (asset-backed securities) are securities whose income payments and hence value is derived from and backed by a specified pool of underlying assets. 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 risk
The market value of ABS and/or MBS will be contingent on, or highly sensitive to, changes in the value of underlying assets, interest rates or cash flows.

Credit risk and counterparty risk
ABS and/or MBS in general are exposed to the credit risk of the issuer. They will be subject to the possibility of the insolvency, bankruptcy or default of the issuer with which the Sub-Fund trades, which could result in substantial loses to the Sub-Fund.

Risks associated with credit support
Issuers of ABS and MBS may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default and may result in substantial losses to the Sub-Fund.

Prepayment and extension risk
The risk that a bond or other security might be called, or otherwise converted, prepaid, or redeemed, before maturity. This risk is primarily associated with ABS and MBS. If a security is converted, prepaid, or redeemed before maturity, particularly during a time of declining interest rates, the Manager may not be able to reinvest in securities providing as high a level of income, resulting in a reduced yield to the Sub-Fund. Conversely, as interest rates rise, the likelihood of prepayment decreases. The Manager may be unable to capitalize on securities with higher interest rates because the Sub-Fund's investments are locked in at a lower rate for a longer period of time.

Valuation risk
There are risks of mispricing or improper valuation which can result in increased payments to counterparties or a loss in the value of the Sub-Fund.

Illiquidity risk
The liquidity of ABS and/or MBS can be less than a regular bond or debt instrument. The lack of liquidity may affect the market value of ABS and/or MBS and consequently the Sub-Fund may be more susceptible to liquidity risk. This may adversely affect either the ability to sell the position or the price at which such a sale is transacted.

(m) Exchange rate risk

As the Sub-Fund is denominated in Hong Kong dollars, investments denominated in currency or currencies other than Hong Kong dollars may expose the Sub-Fund to the exchange rate risk and fluctuation, as such, the performance of the Sub-Fund may be affected by the exchange rate movement. The Sub-Fund may also be subject to bid/offer spread when converting to and from one currency and the other.

In addition, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

(n) Risk in relation to distribution

The indicative per annum distribution rate each year may vary and may go up and down. The Manager retains the absolute discretion to determine or vary the frequency and dates for distribution.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

(o) Potential conflicts of interest

The Manager and the Trustee or their connected persons may, from time to time, act as manager, investment adviser, trustee or as custodian or in such other capacity in connection with or be otherwise involved in or with any CISs separate and distinct from the Fund and the Sub-Fund. It is possible that any of the Manager and the Trustee or their connected persons may, in the course of business, have potential conflicts of interest with the Sub-Fund. Each of the Manager and the Trustee or their connected persons will, at all times, have regard in such event to its obligations to the Sub-Fund and the investors and will endeavour to ensure that such conflicts are resolved fairly. For information relating to conflicts of interest, please refer to the sub-section headed "Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions" on pages 38 to 39 of the Explanatory Memorandum.

(p) Risk of investing in other CISs/funds

Investors should be aware of the consequences of investing in other CISs/funds (the "underlying funds"). Investment decisions of the underlying funds are made at the level of such underlying funds. The Sub-Fund will be subject to the same type of risks in proportion to their holdings of those specific underlying funds. Different underlying funds invested by the Sub-Fund have different underlying investments. The risks relating to such underlying investments may include any of the general risk factors mentioned in the Explanatory Memorandum.

There may be additional costs involved when investing into these underlying funds. The Sub-Fund will bear the fees paid to the Manager and its other service providers as well as, indirectly, a pro rata portion of the fees paid by the underlying funds to the service providers of the underlying funds. If the Sub-Fund invests in underlying funds managed by the Manager, all initial charges on such underlying funds will be waived. Further, the management fees payable at the underlying fund(s)' level (which are directly attributable to the amount invested by the Sub-Fund) shall accordingly, be fully rebated in cash to the Sub-Fund. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed "Investment and Borrowing Restrictions" on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Different classes of Units may be offered for a 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 have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ. The Manager may levy an initial charge on the issue of Class A Units of the Sub-Fund. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 14 below.

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during a prescribed period (the "**Initial Period**").

Currently, the Sub-Fund offers Class A – HKD Units, Class A – USD Units and Class A – RMB Units.

Class A – HKD Units of the Sub-Fund are denominated in HK dollars. Class A – USD Units of the Sub-Fund are denominated in US dollars. Class A – RMB Units of the Sub-Fund are denominated in RMB.

For the avoidance of doubt, where the Sub-Fund has "Class A - HKD Units", "Class A - USD Units", "Class A – RMB Units", or such other class which name commences with "Class A", each class of such Units shall be considered a separate class.

Class A - HKD Units of the Sub-Fund were initially offered at an issue price of HK$10.00 per Unit (exclusive of any applicable initial charge) during its Initial Period which has already been closed.

Class A - USD Units and Class A – RMB Units of the Sub-Fund were initially offered for subscription by investors during its Initial Period which has already been closed.

Class A - USD Units and Class A – RMB Units of the Sub-Fund during the above initial period were offered at their issue prices (exclusive of any applicable initial charges) as determined below:

(i) for Class A – USD Units, the issue price (exclusive of any initial charges) shall be the issue price of Class A – HKD Units as at the end of the initial period, multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 pm (London time) on the date on which the said initial period ends, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate;

(ii) for Class A – RMB Units, the issue price (exclusive of any initial charges) shall be the issue price of Class A – HKD Units as at the end of the initial period, multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 pm (London time) on the date on which the said initial period ends, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Period, Units will be issued on the close of the Initial Period.

If the total subscription of the Sub-Fund as at the closing date of Initial Period is less than HK$50 million (or its equivalent amount in the currency in which that particular class of Units is denominated), the Manager may exercise its discretion not to issue any Units of the Sub-Fund as at the close of the Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three (3) Business Days of such closing date and the subscription moneys paid by the applicants will be returned at their risk in HK Dollars within seven (7) Business Days after the expiry of Initial Period. No interest will be paid on such subscription moneys and any benefit will be retained by the Manager.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Units of the relevant class of the Sub-Fund on a Dealing Day will be calculated by reference to the Net Asset Value per Unit of such class of the Sub-Fund as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 14 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A – HKD Units, Class A – USD Units and Class A – RMB Units are currently available for subscriptions.

Unless otherwise allowed under the "Regular Savings Plan" section on page 13 below, the minimum amount of each subscription in each of Class A – HKD Units, Class A – USD Units and Class A – RMB Units of the Sub-Fund during and after the Initial Period shall be HK$10,000 or its equivalent amount in USD or RMB (as the case may be), inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A – HKD Units, Class A – USD Units and Class A – RMB Units (as the case may be) of the Sub-Fund if, after redemption, the Unitholder's holding of Class A – HKD Units, Class A – USD Units and Class A – RMB Units (as the case may be) of the Sub-Fund falls below HK$10,000 or its equivalent amount in USD or RMB (as the case may be).

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD", and crossed "A/C Payee Only, Not Negotiable" or by telegraphic transfer or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C Numbers:
For Class A – HKD Units: 012-875-0-044596-0
For Class A – USD Units and Class A – RMB Units: 012-875-9-251458-0

Subscription monies for Class A – HKD Units must be paid in HK Dollars. Subscription monies for Class A – USD Units must be paid in US Dollars. Subscription monies for Class A – RMB Units must be paid in RMB.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in the currency in which the particular class of Units being subscribed for is denominated to be received for value on a particular day, payment must be made for value in Hong Kong at least one Hong Kong business day preceding such day.

Redemption of Units

Units of the relevant class realized on a Dealing Day will be redeemed at a price calculated by reference to the Net Asset Value per Unit of that class of the Sub-Fund as at that Dealing Day.

No Unitholder shall be entitled to realize part only of his holding of Class A – HKD Units, Class A – USD Units or Class A – RMB Units (as the case may be) of the Sub-Fund if (i) such redemption would result in his holding of Units of the Sub-Fund after redemption being less than HK$10,000 or its equivalent amount in USD or RMB (as the case may be); or (ii) the amount of proceeds realized from Class A – HKD Units, Class A – USD Units or Class A – RMB Units (as the case may be) of the Sub-Fund is less than HK$10,000 or its equivalent amount in USD or RMB (as the case may be). However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will normally be paid in the class currency of the relevant class of Units of the Sub-Fund being redeemed.

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of HK Dollar (and in the case of 0.00005 of a HK Dollar, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Regular Savings Plan

Investors who invest in Class A Units may elect to participate in the Regular Savings Plan offered by the Manager. For details, please refer to the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum.

Distribution Policy

The Manager intends to declare distributions to Unitholders on a monthly basis, by the end of each month. The Manager will declare an indicative per annum distribution rate at the beginning of the calendar year and Unitholders will receive written notice regarding such indicative per annum distribution rate. As a whole, distributions paid in that year shall be no less than the indicative per annum distribution rate, any change of such rate will require no less than one (1) month's prior notice to Unitholders.

The Manager will normally make distributions out of net income received or receivable. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that distributions be paid out of capital, or the Manager may, in its discretion, pay distributions out of the gross income while charging / paying all or part of the fees and expenses to / out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital available for investment in future and may constrain capital growth.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

No distributions will be paid by the relevant class of Units if the capital is insufficient to pay the distributions.

The indicative per annum distribution rate each year may vary and may go up and down. The Manager has the sole and absolute discretion to determine or vary the frequency and dates for distributions.

The Manager may amend the distribution policy subject to SFC's prior approval and by giving not less than one (1) month's prior notice to Unitholders.

Investors should note that the distribution amount and/or rate of a particular class of Units may be more than or less than such amount and/or rate of the other class(es) of Units due to various factors, including but not limited to short-term interest rate differentials. Furthermore, the compositions of the distributions of a particular class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) may not be the same as that of the other class(es) of Units.

The compositions of the distributions of the relevant class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website(www.boci-pru.com.hk).

Fees and Expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for the Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant class of Units of the Sub-Fund. The current management fee for each of Class A – HKD Units, Class A – USD Units and Class A – RMB Units of the Sub-Fund is 0.75% of its Net Asset Value per annum of such class of Units. The maximum management fee for each of Class A– HKD Units, Class A – USD Units and Class A – RMB Units of the Sub-Fund is 2% of its Net Asset Value per annum of such class of Units.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrued on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than three (3) months' notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of Class A Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching Fee *(express as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1% * (For switching into a different class (denominated in a different currency) of Class A Units relating to the same Sub-Fund or switching into Class A Units of another Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)"

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

(iii) Fees payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value in respect of the relevant class of Units of the Sub-Fund. The current level of Trustee Fee is as follows:

For each of Class A –HKD Units, Class A – USD Units and Class A – RMB Units

- 0.125% per annum on the first HK$200 million of the Net Asset Value (or its equivalent amount in USD or RMB (as the case may be))
- 0.10% per annum on the next HK$200 million of the Net Asset Value (or its equivalent amount in USD or RMB (as the case may be))
- 0.0875% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to the section headed "Charges and Expenses" on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other charges and expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund was from the close of its Initial Period to 31 December 2014.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

THIRD TERM SHEET TO
BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP Japan Small & Mid Cap Opportunity Fund (the "Sub-Fund")

This Third Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Third Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund and the Second Term Sheet in respect of the BOCIP China Bond Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 25 February 2013 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Third Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Third Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Third Term Sheet shall prevail. Terms used in this Third Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is an equity fund falling under Chapter 7 of the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The Sub-Fund seeks to provide investors with long term capital growth by investing primarily in small and medium-sized companies which are domiciled in Japan or are engaged in commercial activities in Japan. These companies generally refer to companies whose market capitalization form the bottom half of total market capitalization in Japan. The Sub-Fund will not focus on specific industries or sectors.

The equities and equity-related securities (including warrants, convertible securities, ADRs (American depository receipts) and GDRs (global depository receipts)) issued by or linked to these Japan companies may be listed on various stock exchanges including but not limited to stock exchanges in Japan, the United States, London or Singapore.

Under normal circumstances, the Manager will invest at least 70% of the non-cash assets of the Sub-Fund in the equities and equity-related securities issued by or linked to the small and medium-sized Japan companies. The Sub-Fund may also invest up to 30% of its assets in equities and equity-related securities issued by Japan companies with large capitalization. The Manager may also hold up to 30% of the Net Asset Value of the Sub-Fund in cash or deposits.

The Manager believes that long term capital growth will base on individual company's earnings performance and growth prospects under different economic conditions. The Sub-Fund will target to identify stocks with good fundamentals, sustainable earnings performance and relatively attractive valuations to maximize the risk-adjusted return. Fundamental factors may include business strategies, management strength and financial position. Reference will be made to factors including, but not limited to, book value, return on equity, cash flow, etc.

The Sub-Fund will only invest in structured deposits or structured products or other financial derivative instruments such as futures contracts, warrants, options or forward currency transactions for hedging purposes only.

The Sub-Fund will not invest in debt instruments or bonds.

At the date of this Third Term Sheet, the Manager has no intention to enter into securities lending transactions, repurchase agreements or similar over-the-counter ("OTC") transactions on behalf of the Sub-Fund. With the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve) engage in securities lending transactions, repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

The Sub-Fund may increase its cash or cash equivalent holdings (including time deposits and money market instruments) (up to 100%) under certain circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in equity markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund is denominated in Hong Kong dollars.

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum, including general investment risk, political, economic and social risks, market risk, risk relating to accounting standards and disclosure, currency risk, foreign exchange risk, securities risk, equity market risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime, generally apply to the Sub-Fund.

In addition, investors should note the following:

(a) Investment risk

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

The financial markets and therefore the value of the Sub-Fund may at times be adversely affected by changes in political, economic and social conditions and policies.

(b) Single country and concentration risk

The Sub-Fund mainly focuses its investments on business related to the economic growth or development of Japan. This increases the Sub-Fund's vulnerability to the adverse market conditions in Japan and the economic, political, regulatory, tax developments or geographic events of Japan such as earthquakes, other natural disasters and related damages. Investors may suffer significant losses as a result.

(c) Market risk

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Options, warrants and derivatives in the Sub-Fund may also expose the Sub-Fund significantly to the fluctuations in the market. Market movement may result in substantial fluctuation in the Net Asset Value per unit of the Sub-Fund.

(d) Risks related to Japan market

Small and medium-sized companies invested by the Sub-Fund are listed mainly on the first sections of Tokyo, Osaka and Nagoya stock exchanges. However, the Sub-Fund may also invest in companies listed on the second sections and emerging equity markets such as MOTHERS (Market of the high-growth and emerging stocks) and JASDAQ, which could be very volatile. It should be noted that the admission requirements for the second sections of Tokyo, Osaka and Nagoya stock exchanges and emerging equity markets such as MOTHERS and JASDAQ are less stringent than those for the first sections of the three major stock exchanges. The second sections at present include stocks of Japanese companies with market capitalization of less than 2 billion Japanese Yen and tradable shares of less than 10,000 units and the companies listed on MOTHERS and JASDAQ are the growing or emerging small-to-midsize companies.

Companies listed on one of the second sections of the three major stock exchanges or emerging equity markets often have a shorter proven track record than those listed on one of the first sections. Corporate disclosure is also likely to be less detailed and such companies often report more volatile earnings. The shares traded on the second sections of the three major stock exchanges and emerging equity markets can become illiquid. Generally, illiquid stocks may suffer from greater price volatility and wide spreads are common between the bid and offer prices.

(e) Medium-capitalization and small-capitalization

Investing in smaller and medium sized companies may involve greater risk than investing in larger, more established companies. For example, small and medium capitalization companies may have limited product lines, markets and financial or managerial resources. As a result, price movements in securities of small capitalization and medium capitalization companies may be more volatile. The stocks of smaller companies are traded less frequently and in lower volumes than those of larger companies and this may contribute to greater stock price volatility. Transaction costs in securities of small capitalization and medium capitalization companies can be higher than those of larger capitalization companies and there may be less liquidity.

In addition, the quality, reliability, and availability of information for smaller to medium capitalization companies may not provide the same degree of information and may be less transparent than investors would generally expect from large capitalization companies. Rules regulating corporate governance may be underdeveloped or less stringent than regulations applicable to large capitalization companies which may increase investment risk and offer little protection to investors.

(f) Foreign exchange risk

The Sub-Fund will primarily invest in securities denominated in a currency (which is mainly Japanese Yen) other than the base currency of the Sub-Fund (which is Hong Kong dollars). The Sub-Fund will therefore have exposure to fluctuations in currency exchange rates and this may have an adverse impact on the performance of the Sub-Fund.

Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors, for example, potential interference by foreign governments through regulation of local exchange markets, foreign investment or particular transactions in foreign currency.

(g) Tax risk

Dividends and certain interests or other income paid to the Sub-Fund or realized gains from the sale of securities in some markets may be subject to tax, levies, duties, transfer or stamp duty, withholding tax or other fees or charges imposed by the authorities of the markets in which the Sub-Fund invests. This may negatively impact on the Sub-Fund's performance and distributions (if applicable) that the Unitholders may receive from the Sub-Fund.

Where appropriate and necessary, tax advice has been obtained. The Sub-Fund does not currently intend to make any provision for any potential tax liability. There is no assurance that the applicable tax law will not be changed in the future. The relevant tax authorities may impose additional tax policies from time to time, which may have retrospective effect. The Sub-Fund may therefore need to bear additional taxation in such countries that is not anticipated either at the date of this Third Term Sheet or when investments are made, valued or disposed of. In case of uncertainty, the Manager will decide whether tax provision will be made in respect of the Sub-Fund for any tax obligation based on independent tax advice obtained.

(h) Country, political and sovereign risk

Investors should note that investment closely related to a particular country (i.e. Japan in this case) may be subject to the country's political and sovereign risks. This may include any act of war, terrorism, riot, insurrection in the country, the imposition of any investment, repatriation or exchange control restrictions by the government authority, the confiscation, expropriation or nationalization of any property by the government authority. Any economic downturn may adversely affect the investment sentiment and domestic economy of the country and affect the value of related investments. Devaluation or revaluation of the local currency, sovereign government's own capacity to repay external debt or any other political or economic risks incurred or experienced by a country may adversely affect the value of related investments

(i) Derivative Instruments

The Sub-Fund may use derivatives for hedging purposes in accordance with the scope and extent as stated in the section headed "Investment Objectives and Policies". Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging and the Sub-Fund may suffer significant losses. The use of derivatives may expose the Sub-Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation and settlement risks which can have an adverse effect on the Net Asset Value of the Sub-Fund.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed "Investment and Borrowing Restrictions" on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Different classes of Units may be offered for a Sub-Fund. Although the assets attributable to each class of Units of the Sub-Fund will form one single pool, each class of Units may have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ. The Manager may levy an initial charge on the issue of Class A Units of the Sub-Fund. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 6 below.

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during the initial offer period (the "**Initial Period**") which has already been closed. All Units are denominated in HK Dollars.

The Class A Units were offered at an issue price of HK$10.00 per Unit (exclusive of any applicable initial charge). The Manager may levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 6 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Period, Units were issued on the close of the Initial Period.

If the total subscription of the Sub-Fund as at the closing date of Initial Period is less than HK$50 million, the Manager may exercise its discretion not to issue any Units of the Sub-Fund as at the close of the Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in HK Dollars within seven Business Days after the expiry of Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.

Subsequent Issue of Units

After the Initial Period, applications in writing (including by facsimile) for Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Units of the relevant class of the Sub-Fund on a Dealing Day will be calculated by reference to its Net Asset Value per Unit as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 6 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class A Units are currently available for subscriptions.

Unless otherwise allowed under the section headed “Regular Savings Plan” on pages 34 to 35 of the Explanatory Memorandum, the minimum amount of each subscription in the Class A Units of the Sub-Fund during and after the Initial Period shall be HK$10,000, inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A Units of the Sub-Fund if, after redemption, the Unitholder’s holding in Class A Units of the Sub-Fund falls below HK$10,000.

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to “BOCI-Prudential Asset Management Ltd – Client A/C-UTD” and crossed “A/C Payee Only, Not Negotiable” or by telegraphic transfer or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C No: 012-875-0-044596-0

Subscription monies must be paid in HK Dollars.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in HK Dollars to be received for value on a particular day, payment must be made for value in Hong Kong at least one Hong Kong business day preceding such day.

Redemption of Units

No Unitholder shall be entitled to realize part only of his holding of Class A Units of the Sub-Fund if (i) such redemption would result in his holding of the Sub-Fund after redemption being less than HK$10,000; or (ii) the amount of proceeds realized from the Sub-Fund is less than HK$10,000. However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager’s webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Redemption proceeds will normally be paid in HK Dollars.

The Manager may suspend the right of the Unitholders to require the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of HK Dollar (and in the case of 0.00005 of a HK Dollar, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Distribution Policy

The Manager does not intend to make any distributions in respect of the Sub-Fund and any income earned by the Sub-Fund will be reinvested in the Sub-Fund and reflected in the value of Units of the relevant class of the Sub-Fund.

Fees and Expenses

(i) Management Fee and Servicing Fee

The current management fee for Class A Units of the Sub-Fund is 1.8% of its Net Asset Value per annum. The maximum management fee for the Class A Units of the Sub-Fund is 2% of its Net Asset Value per annum.

No servicing fee will be levied for Class A Units of the Sub-Fund.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of Class A Units of the Sub-Fund during and after the Initial Period.

No redemption charge will be levied for the redemption of Class A Units of the Sub-Fund.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching Fee *(express as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1% * (For switching into Units of a Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

(iii) Fees payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of its Net Asset Value of the Sub-Fund. The current level of Trustee Fee is as follows:

- 0.125% per annum on the first HK$200 million of its Net Asset Value
- 0.10% per annum on the next HK$200 million of its Net Asset Value
- 0.0875% per annum on the remaining balance of its Net Asset Value

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to the section headed "Charges and Expenses" on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other charges and expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund was from the close of its Initial Period to 31 December 2013.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

SECOND TERM SHEET TO BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP China Bond Fund (the "Sub-Fund")

This Second Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

This Second Term Sheet shall be in addition to the First Term Sheet in respect of the BOCIP China Value Fund.

The Sub-Fund is an additional sub-fund established in Hong Kong on 18 December 2012 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this Second Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. In case of any conflict or inconsistency between this Second Term Sheet and the provisions set out in the Explanatory Memorandum, the provisions of this Second Term Sheet shall prevail. Terms used in this Second Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Sub-Fund is a bond fund falling under Chapter 7 of the UTMF Code. Please note that SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Definitions

"Business Day"	a day on which banks and stock exchanges in Hong Kong and the People's Republic of China ("PRC") are open for normal business or such other day or days as the Manager and the Trustee may agree from time to time. Notwithstanding the definition of "Business Day" in the Explanatory Memorandum of the BOCIP Asset Management Investment Funds, a different definition is adopted for "Business Day" for the Sub-Fund
"CSRC"	means the China Securities Regulatory Commission
"Dealing Day"	for the purposes of the Sub-Fund in relation to each class of Units, the last Business Day at the end of each month on which the Net Asset Value per Unit of that class of Units is calculated (or such other date as maybe notified to investors). Notwithstanding the definition of "Dealing Day" in the Explanatory Memorandum of the BOCIP Asset Management Investment Funds, a different definition is adopted for "Dealing Day" for the Sub-Fund
"Eligible Securities"	Renminbi (RMB) financial instruments which are permitted for investment by QI from time to time under the QI Regulations
"PRC Broker(s)"	any Mainland China broker(s) who for the time being is duly appointed by QI Holder acting on its behalf and upon its instructions in Mainland China's markets to deal with/ execute QI-related securities trading activities in the PRC
"QFII"	a qualified foreign institutional investor pursuant to the QFII Regulations before the implementation of the QI Regulations
" QI Custodian"	Standard Chartered Bank (China) Limited or such other licensed custodian bank who for the time being is duly appointed as the custodian with respect to the assets of the Sub-Fund in the PRC
"Qualified Foreign	refers to foreign institutional investors who are approved as such, including QFIIs or

Investors"/ "Qualified Investors", "QI Holder" or "QI"	RQFIIs previously approved, by the CSRC to invest in the PRC securities and futures markets with funds raised overseas
"QFII Quota"	a foreign exchange quota granted by the State Administration of Foreign Exchange ("SAFE") to a QFII to remit foreign freely convertible currencies to Mainland China and convert into RMB for the purpose of investing in Mainland China's securities market under the QFII Regulations, and such restriction on investment quota was removed by the Funds Regulations with effect from 6 June 2020
"QFII Regulations"	the rules and regulations governing the establishment and the operation of the QFII regime in the PRC. These rules and regulations were repealed and superseded by the QI Regulations. Under the QI Regulations, QFII and RQFII are collectively referred to as "Qualified Foreign Investors" / "Qualified Investors" ("QI")
"QI Regulations"	The rules and regulations governing the merged QI regime in the PRC, as may be promulgated and/or amended from time to time, including but not limited to: (i) "Regulations on Funds of Securities and Futures Investments by Foreign Institutional Investors (the People's Bank of China ("PBOC") & SAFE Announcement (2020) No. 2)" issued on 7 May 2020, which took effect on 6 June 2020 ("Funds Regulations"; and (ii) "the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors (QFII) and RMB Qualified Foreign Institutional Investors (RQFII)(CSRC Decree No.176)" jointly issued by CSRC, PBOC and SAFE on 25 September 2020 and "the Provisions on Issues Concerning the Implementation of the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (CSRC Announcement [2020] No.63)", both of which came into effect from 1 November 2020 (collectively, the "New Rules")
"RQFII"	a Renminbi qualified foreign institutional investor pursuant to the relevant rules and regulations before the implementation of the QI Regulations
"Urban Investment Bonds" (城投債)	debt instruments issued by local government financing vehicles ("LGFVs") and traded in the PRC exchange-traded bond markets and inter-bank bond market. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for local development, public welfare investment or infrastructure projects.
"US$", "USD" and "US dollars"	the lawful currency of the United States of America

Investment Objectives and Policies

The Sub-Fund seeks to provide investors with stable income and long-term capital appreciation by investing primarily (not less than 70% of its Net Asset Value) in onshore RMB denominated and settled debt and fixed income instruments which are traded on the Shanghai Stock Exchange, the Shenzhen Stock Exchange and/or the interbank bond market of Mainland China through its QI status. Such debt and fixed income instruments are issued by a variety of issuers such as government, quasi-government, banks, financial institutions or other corporate entities established or incorporated in Mainland China or corporate entities whose commercial activities are mainly carried out in Mainland China. Such debt and fixed income instruments may have credit ratings of BB+ or below (i.e. non-investment grade) as rated by internationally recognized credit agencies ("Non-investment Grade") and may be unrated or only rated by Chinese local credit rating agencies.

The Sub-Fund may also invest up to 30% of its Net Asset Value in offshore RMB denominated and settled debt instruments which are issued or listed outside Mainland China. Such debt instruments may include fixed rate or floating rate debt securities, government bonds, commercial papers, convertible bonds, bank certificate of deposit, negotiated term deposits, short-term bills and notes, which may be listed or unlisted, and may or may not be rated by rating agencies and may be of Non-investment Grade.

There is no minimum credit rating requirement in respect of debt and fixed income instruments invested by the Sub-Fund. If a bond itself does not have a credit rating as designated by rating agencies, the Manager will consider the credit rating of the issuer / guarantor, which will become the implied rating of the bond. If both the bond itself and the issuer / guarantor of the bond are not rated, the bond will be treated as unrated ("Unrated Bonds").

Up to 50% of the Sub-Fund's Net Asset Value may be invested in bonds which are of Non-investment Grade or have credit ratings of BB+ or below as designated by Chinese local credit rating agencies or Unrated Bonds.

The Sub-Fund may invest not more than 30% of its Net Asset Value in debt instruments with loss-absorption features (LAP) including (i) non-preferred senior debt instruments or external LAC debt instruments or total loss-absorbing capacity debt instruments (TLAC) or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The Sub-Fund will not invest more than 10% of its Net Asset Value in Urban Investment Bonds.

The Sub-Fund will not invest more than 10% of its Net Asset Value in asset backed securities (including asset backed commercial papers) for investment purposes.

The Manager intends that the aggregate investment in the Non-investment Grade or Unrated Bonds, Urban Investment Bonds and asset backed securities will not exceed 50% of the Sub-Fund's Net Asset Value.

Currently, the Sub-Fund will not insofar as the offshore investment is concerned invest in other sovereign debt securities other than the Sub-Fund's investment in sovereign debt securities of Mainland China.

In addition, the Sub-Fund may use future contracts, options or forward currency transactions for the purposes of hedging against exchange rate risk Provided That such investments shall comply with the investment restrictions set out in Chapter 7 of the UTMF Code and the QI Regulations.

Unless otherwise stated above, the Manager has no current intention to invest in any financial derivative instruments (including structured products, deposits or instruments) for non-hedging or investment purposes or enter into securities lending transactions, repurchase/ reverse repurchase transactions or similar over-the-counter transactions on behalf of the Sub-Fund. Subject to the prior approval of the SFC, the Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such other period of notice as the SFC may approve) invest in any such instruments or enter into any such transactions on behalf of the Sub-Fund.

The Sub-Fund may increase its cash or cash equivalent holdings (including time deposits and money market instruments) (up to 100%) under exceptional circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in bond markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

The Sub-Fund will be in compliance with the investment restrictions set out in the section headed "Investment and Borrowing Restrictions" on page 12 below.

The Sub-Fund is denominated in Hong Kong dollars.

QI Regime

Under the previous QFII Regulations and relevant administration requirements of the PRC, foreign institutional investors who wish to invest directly in the domestic securities market generally need to apply for the QFII status and obtain QFII Quotas to remit foreign freely convertible currencies to the PRC and convert such currencies into RMB for the purpose of investing in Mainland China's securities market.

The New Rules have officially unified the previous rules and regulations on QFII and RQFII with effect from 1 November 2020. QFII and RQFII are collectively referred to as "Qualified Foreign Investors" or "QI". Under the QI Regulations, an applicant only needs to apply for the QI qualification once, and does not need to apply for two (QFII and RQ FII) qualifications separately.

Prior to the issuance of the QI Regulations, the securities and futures investments by foreign institutional investors into China were subject to an inbound investment quota. Such restriction on investment quota was removed by the Funds Regulations. QI Holders may freely choose to remit funds in foreign currencies and/or offshore RMB to China to carry out domestic securities and futures investments, provided that separate cash accounts are duly opened in China.

BOCI-Prudential Asset Management Limited was previously granted QFII licence by the PRC authority and has a QI status by virtue of the QI Regulations.

Standard Chartered Bank (China) Limited has been appointed by the Manager and the Trustee as the local custodian in the PRC in relation to the Sub-Fund pursuant to the Custodian Agreement. Standard Chartered Bank (China) Limited is incorporated in China under the business license number 310000400507918 and has its registered office at Standard Chartered Tower, 201 Century Avenue Pudong, Shanghai 200120 China. Standard Chartered Bank

(China) Limited is regulated by the Chinese Banking Regulatory Commission under the register number B0048H131000001. Subject to the relevant regulatory provisions, the Manager as the QI Holder and the Trustee may change the QI Custodian from time to time with not less than one (1) month's prior notice to Unitholders.

All the funds and investments in Chinese domestic securities of the Sub-Fund are held by the QI Custodian. The QI Custodian may open one or more securities account(s) ("Securities Account(s)") with the relevant depositories including but not limited to the China Securities Depository and Clearing Corporation Limited ("CSDCC"), China Central Depository & Clearing Co., Ltd ("CCDC"), Shanghai Clearing House Co., Ltd. ("SCH") and China Financial Futures Exchange ("CFFEX") for the Sub-Fund in accordance with the applicable rules of the QI Regulations. One or more RMB special accounts or RMB special deposit accounts ("RMB Accounts") and/or a foreign exchange account ("Cash Account") are also established and maintained with the QI Custodian. The QI Custodian in turn, has a cash clearing account with the CSDCC for trade settlement.

The Manager has, before the launch of the Sub-Fund, obtained an opinion from PRC legal counsel to the effect that, as a matter of PRC laws:

(a) Securities Account(s) with relevant depositories in the PRC and maintained by the QI Custodian and Cash Account(s) with the QI Custodian have been opened in the name "BOCI-Prudential Asset Management Limited - BOCIP China Bond Fund" and for the sole benefit and use of the Sub-Fund in accordance with all applicable laws and regulations of the PRC and with approval from all competent authorities in the PRC;

(b) the assets held/credited in the Securities Account(s) (i) belong solely to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Manager (as the QI Holder), the QI Custodian and any PRC Broker(s) and from the assets of other clients of the Manager (as the QI Holder), the QI Custodian and any PRC Broker(s);

(c) the assets held/credited in the Cash Account(s) (i) become an unsecured debt owing from the QI Custodian to the Sub-Fund, and (ii) are segregated and independent from the proprietary assets of the Manager (as the QI Holder) and any PRC Broker(s), and from the assets of other clients of the Manager (as the QI Holder) and any PRC Broker(s);

(d) the Trustee, for and on behalf of the Sub-Fund, is the only entity which has a valid claim of ownership over the assets in the Securities Account(s) and the debt in the amount deposited in the Cash Account(s) of the Sub-Fund;

(e) if the Manager or any PRC Broker(s) is/are liquidated, the assets contained in the Securities Account(s) and Cash Account(s) of the Sub-Fund will not form part of the liquidation assets of the Manager or such PRC Broker(s) in liquidation in the PRC; and

(f) if the QI Custodian is liquidated, (i) the assets contained in the Securities Account(s) of the Sub-Fund will not form part of the liquidation assets of the QI Custodian in liquidation in the PRC, and (ii) the assets contained in the Cash Account(s) of the Sub- Fund will form part of the liquidation assets of the QI Custodian in liquidation in the PRC and the Sub-Fund will become an unsecured creditor for the amount deposited in the Cash Account(s).

Further, the Trustee has put in place proper arrangements to ensure that:

(i) the Trustee takes into its custody or under its control the assets of the Sub-Fund, including assets deposited in the Securities Account(s) and Cash Account(s) with the QI Custodian, and holds the same in trust for the Unitholders;

(ii) the Trustee registers the assets of the Sub-Fund, including assets deposited in the Securities Account(s) and Cash Account(s) with the QI Custodian, in the name of or to the order of the Trustee; and

(iii) the QI Custodian will look to the Trustee on behalf of the Sub-Fund for instructions and solely act in accordance with the instructions of the Trustee on behalf of the Sub-Fund.

In respect of the Sub-Fund, the Trustee confirms that the Trustee shall (i) exercise reasonable care and diligence in the selection, appointment and ongoing monitoring of its nominees, agents and delegates including the QI Custodian; and (ii) be satisfied that the nominees, agents and delegates including the QI Custodian retained remain suitably qualified and competent to provide the relevant service.

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum, including general investment risk, political, economic and social risks, interest rate risk, market risk, emerging market risk, risk relating to accounting standards and disclosure, valuation risk, currency risk, foreign exchange risk, securities risk, credit risk, counterparty risk, credit rating risk, downgrading risk, risk associated with debt securities rated below investment grade or unrated debt securities, sovereign debt risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime, generally apply to the Sub-Fund. Since the Sub-Fund has investments denominated in RMB or exposure to RMB currency, investors should also note RMB currency and conversion risks and risk relating to redemption and/or distribution payments (if any). Since the Sub-Fund involves investments in debt securities/fixed income instruments in Mainland China, investors should also note (i) credit rating agency risk associated with investments in Mainland China onshore debt securities/fixed income instruments and (ii) liquidity and volatility risks associated with investments in debt securities/fixed income instruments in Mainland market. In addition to those general risk factors, investors should also note the following risks:

(a) Investment risk

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal. The Sub-Fund currently does not intend to pay any distribution.

(b) Single country / PRC emerging market risk

Investment in an emerging market, such as the PRC involves special risks and considerations. The Sub-Fund may be subject to risks in relation to economic, political social and regulatory development in the PRC. These risks include the possibility of: more volatile financial markets, price volatility, smaller capital markets, less developed economic, political, and social conditions and policies, less developed clearance and settlement systems and procedures, greater risks in relation to foreign exchange and liquidity, nationalisation, expropriation, government control and intervention and different accounting standards, etc.. All these may have an adverse impact on performance of the Sub-Fund. The Sub-Fund invests in a single country market (i.e. PRC) and is likely to be more volatile than a more widely invested fund. The PRC government's regulatory and legal framework for capital markets and debt and fixed income instruments are still developing as compared to the systems in place in more mature markets. The value of the Sub-Fund's assets may be affected by uncertainties or changes in government policies, promulgation of foreign currency and monetary policies and tax regulations. Such measures may have associated impact on the economy or financial markets of the PRC. Furthermore, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may have an adverse impact on the performance or value of the Sub-Fund.

The clearance and settlement systems and procedures in Mainland China may be less developed. There may have times when clearance and settlements are unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Problems with clearance and settlement may affect the value and liquidity of the Sub-Fund. The inability of the Sub-Fund to make intended securities purchases due to clearance and settlement problems may result in the Sub-Fund losing investment opportunities. Inability to dispose of a portfolio security caused by such problems could result either in losses to the Sub-Fund due to subsequent declines in value of the portfolio security or, if the Sub-Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

(c) Concentration Risk

The Sub-Fund may invest substantially in the debt and fixed income instruments in Mainland China. Apart from being subject to risks inherent in the China market, the Sub-Fund is subject to concentration risk notwithstanding that the Sub-Fund is well diversified in terms of the number of holdings and the number of issuers of debt and fixed income instruments that the Sub-Fund may invest in. In particular, investors should be aware that the Sub-Fund is likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as the Sub-Fund is more susceptible to fluctuations in value resulting from adverse conditions in Mainland China.

(d) QI Risks

Risks associated with QI rules and restrictions

Investors should note that the Sub-Fund's investments made through a QI are subject to the then prevailing exchange controls and other prevailing requirements of the PRC The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as Mainland China authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

The uncertainty and change of the laws and regulations in Mainland China may adversely impact the Sub-Fund. The QI policy and QI Regulations are also subject to change with potential retrospective effect.

In extreme circumstances, the Sub-Fund may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to QI investment restrictions, illiquidity of Mainland China's debt market, and delay or disruption in execution of trades or in settlement of trades.

The status or approval of the Manager as a QI may be revoked or terminated or otherwise invalidated at any time by reason of a change in applicable law, regulations, policy, practice or other circumstances, an act or omission of the Manager as a QI or for any other reasons. In such event, all the assets held by the QI for or on account of the Sub-Fund will be liquidated and repatriated to a bank account maintained for and on behalf of the Sub-Fund outside of Mainland China in accordance with applicable laws and regulations. The Sub-Fund may suffer significant loss as a result of such liquidation and repatriation. If the QI needs to apply for a new securities investment license due to the change of its name, the QI being merged into another entity or any other situations as stipulated by the CSRC or SAFE, the CSRC has the power to suspend securities trading of such QI if it deems it is prudent to do so and therefore may result in loss to the Sub-Fund. In case of any material violation of law or misconduct in respect of the Securities Account(s) under the name of the QI, the CSRC may restrict the trading of such Securities Account(s) and the outward remittance of funds may be restricted by the SAFE. Such restrictions may result in loss to the Sub-Fund.

The rules and restrictions under QI Regulations generally apply to the QI as a whole and not simply to the investments made by the Sub-Fund. Investors should note that there can be no assurance that QI quota or other similar restrictions will be imposed again in the future, and such quota or restrictions (if imposed) may adversely affect the investments of the Sub-Fund or result in suspension of dealings of the Sub-Fund. In extreme circumstances, the Sub-Fund may incur significant losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to QI investment restrictions, illiquidity of the Mainland China securities market, and/or delay or disruption in execution of trades or in settlement of trades.

<u>Risks regarding remittance and repatriation of funds</u>

The Sub-Fund may be restricted from withdrawing funds from its account with the QI under the QI Regulations. It may, therefore, not be possible for the Sub-Fund to freely repatriate capital, dividends, interest and income from Mainland China. The Sub-Fund could be adversely affected by the restrictions on, or delays in, the repatriation of funds or by any official intervention affecting the process of settlement of transactions. The Sub-Fund may be exposed to potential loss from any restriction or delay in the QI's ability to convert HKD from or into RMB and/or to repatriate funds from China.

Repatriation may be further subject to the repatriation restrictions imposed by SAFE from time to time. The restrictions on or the delays in the repatriation of funds may have an unfavourable impact on the Sub-Fund. In particular, payment of the redemption proceeds may be delayed as a result of the repatriation restrictions, notwithstanding the redemption proceeds will be paid to Unitholders as soon as practicable, and, in any event, within five (5) Business Days after completion of the relevant repatriation process. Please refer to an extended time-frame as further described in sub-section headed "Settlement of Redemption Proceeds" under section headed "Redemption of Units" below.

The restrictions on repatriation of the investment capital and net profits may impact the Sub-Fund's ability to meet the redemption requests of its Unitholders. In the event that redemption requests for a large number of Units are received, the Sub-Fund may need to realise other investments instead of the investments held through the QI for the purposes of meeting such redemption requests and/or to limit the number of Units of any class in the Sub-Fund redeemed. It is likely that such impact will increase as the investment of the Sub-Fund in Mainland China's RMB debt market increases.

<u>Custodial risk</u>

Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets of the Sub-Fund in those markets.

Where the Sub-Fund invests in PRC securities through its QI status, such securities will be maintained by one or more QI Custodians appointed by the QI pursuant to PRC regulations through one or more Securities Account(s) with the relevant depositories including but not limited to CSDCC, CCDC or SCH in such name as may be permitted or required in accordance with PRC law. The Sub-Fund may incur losses due to a default, act or omission of the QI Custodian(s) in the execution or settlement of any transaction or in the transfer of any funds or securities.

There is a risk that the Sub-Fund may suffer losses, whether direct or consequential, from the default or bankruptcy of the QI Custodian or disqualification of the same party from acting as a custodian. This may adversely affect the Sub-Fund in the execution or settlement of any transaction or in the transfer of any funds or securities. If for any reason all or part of the Sub-Fund's assets held by the QI Custodian is lost or otherwise becomes unavailable for delivery or withdrawal, the reduction in the quantity or value of such assets will create losses to the Sub-Fund.

Risks regarding assets held by the QI Custodian

The assets held by the QI Custodian belong to the Sub-Fund as the ultimate beneficial owner, and they (excluding cash) are segregated from the assets of the QI Holder, the QI Custodian, the PRC Brokers, and their respective clients. If any of the QI Holder, the QI Custodian or the PRC Brokers is liquidated, the assets (excluding cash) which belong to the Sub-Fund do not form part of the liquidation assets of the QI Holder, the QI Custodian or the PRC Brokers. However, as the assets of the Sub-Fund are held by the QI Custodian, there can be no absolute assurance that the assets (excluding cash) of the Sub-Fund are under the same standards of safe custody at all times as they would be if they were registered and held in their own name. Cash deposited with the QI Custodian will not be segregated but will become an unsecured debt owing from the QI Custodian to the Sub-Fund in the event of liquidation of the QI Custodian. Such cash will be co-mingled with cash belong to other clients of the QI Custodian. The Sub-Fund may not be able to recover such cash in full or at all, in which case the Sub-Fund will suffer losses.

Brokerage risk

The PRC Broker(s) is appointed by the Manager as QI to execute transactions on Eligible Securities for the Sub-Fund in the PRC markets. The Sub-Fund may incur losses due to acts or omissions of the PRC Broker(s) in the execution and settlement of transactions or the transfer of any funds or securities. This may adversely affect the Sub-Fund. There is a risk that the Sub-Fund may suffer substantial losses from the default, bankruptcy or disqualification of the PRC Brokers.

When selecting PRC Brokers, the QI Holder will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the QI Holder considers appropriate, it is possible that a single PRC Broker will be appointed for each market (the Shenzhen Stock Exchange and the Shanghai Stock Exchange) in the PRC and the Sub-Fund may not necessarily pay the lowest commission available in the market.

Risks of conflicts of interests

The Manager will assume dual roles as the manager of the Sub-Fund and the QI Holder. The Manager will be responsible for ensuring that all transactions and dealings will be dealt with having regard to the constitutive documents of the Sub-Fund as well as the relevant laws and regulations applicable to the Manager as a QI. Also the Manager and the Trustee are affiliated. Situation may arise where there are conflicts of interest between such entities. If such conflict arises, each of the Manager and the Trustee will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that the Sub-Fund is managed in the best interests of Unitholders and that such conflicts are resolved fairly.

(e) Conversion and RMB currency risk

The Sub-Fund invests primarily in debt and fixed income instruments issued, listed or traded in Mainland China through its QI Status. The base currency of the Sub-Fund is denominated in HKD, whilst its investments are primarily denominated in RMB. Accordingly, the Sub-Fund will need to convert HKD-denominated subscription proceeds to RMB in order to invest. To meet redemption requests, the Sub-Fund may need to convert the RMB sale proceeds back to HKD. The Sub-Fund may incur costs as a result of the conversion and is subject to currency conversion risk. Investment in the Sub-Fund or distribution payments from the Sub-Fund, if any, will be subject to fluctuations in the HKD/RMB, as well as prices of the Sub-Fund's assets. In general, the performance of the Sub-Fund will be affected by such exchange rate movements. Further, RMB is not freely convertible and is subject to policies of exchange controls and repatriation restrictions. There is no guarantee that the RMB will not depreciate. There is no assurance that RMB will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency will not develop.

(f) PRC Tax Risk

Various tax reforms have been implemented by the PRC government in recent years. There can be no assurance that these existing tax laws or incentives will not be revised or abolished. The Sub-Fund may be subject to withholding and various other taxes imposed in Mainland China. Any changes in tax policies may affect adversely the performance of companies in the PRC or companies with activities closely related to the economic development and growth of the PRC.

Investors should also note that by investing in onshore RMB denominated and settled debt and fixed income instruments which are traded on the Shanghai Stock Exchange, the Shenzhen Stock Exchange and/or the interbank bond market of Mainland China ("onshore PRC debt securities") issued by tax residents in the PRC, the Sub-Fund may be subject to taxes imposed in the PRC, such as withholding of Corporate Income Tax ("CIT").

1 Corporate Income Tax ("CIT")

a) Capital gains

PRC withholding income tax ("WHT") implications on capital gains derived from the disposal of onshore PRC debt securities

According to the PRC Corporate Income Tax Law ("CIT Law") and its Detailed Implementation Rules ("DIR"), if a non-resident enterprise does not have a permanent establishment ("PE") in the PRC, then only the PRC sourced income would be subject to PRC WHT. The applicable WHT rate is 10% unless there is relief or reduction under the relevant tax treaty.

Under the prevailing CIT Law, there is no specific provision on whether capital gains derived by a non-resident enterprise from disposal of PRC debt instruments (e.g. bonds issued by PRC companies) would be considered as PRC sourced income and subject to PRC WHT at 10%. Under the current practice no WHT is imposed on capital gains derived by non-residents from disposal of PRC debt instruments. If the relevant interpretation/practice changes in the future, the Sub-Fund may still be able to turn to certain treaty relief applicable to Hong Kong tax residents.

Also, 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 "Arrangement"), for tax residents in Hong Kong that have no PE in the PRC, capital gains arising from the disposal of onshore PRC debt securities would not be taxed in the PRC, subject to the assessment by the PRC tax authorities.

b) Interest income

Under the domestic CIT Law and its DIR, interests derived from Mainland China by entities that are treated as non-residents in the PRC which have no establishment or place in the Mainland China are subject to PRC WHT at the rate of 10%.

Under the Arrangement, for tax residents in Hong Kong that have no PE in the PRC, the WHT rate on interest income can be reduced to 7%, subject to the assessment of the PRC tax authority. The general rate of 10% will be applicable to the Sub-Fund if the preferential rate is not granted.

On 22 November 2021, the PRC Ministry of Finance ("MOF") and the State Taxation Administration of the PRC ("STA") jointly released Bulletin [2021] No. 34 on tax treatment for Overseas Institutional Investors ("OIIs") investing in China bond market ("Bulletin [2021] No. 34").

Bulletin [2021] No. 34 provides that interest income of the bonds derived by OIIs in the China bond market is temporarily exempted from WHT for the period from 7 November 2021 to 31 December 2025.

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

According to Caishui [2016] No. 36 effective from 1 May 2016, interest income from government bonds and municipal local government bonds are exempted from VAT. Furthermore, the MOF and STA jointly issued Caishui [2016] No. 70, which is a supplementary notice to Caishui [2016] No. 36 concerning the financial industry. According to Caishui [2016] No. 70, interest income derived from holding of financial bonds (i.e. bonds issued by PRC incorporated financial institutions in the inter-bank bond market or exchange market) by financial institutions is exempted from VAT. However, such exemption is technically not applicable to interest derived from bonds other than the aforesaid.

Bulletin [2021] No. 34 provides that interest income of the bonds derived by OIIs in the China bond market is temporarily exempted from VAT for the period from 7 November 2021 to 31 December 2025.

According to Caishui [2016] No. 36 and Caishui [2016] No. 70, gains derived by QFIIs and RQFIIs (i.e. QI under the QI Regulations) from the transfer of PRC Securities will be exempted from VAT since 1 May 2016.

Where capital gains are derived by a non-resident from transfer of offshore PRC debt securities, VAT in general is not imposed as the purchase and disposal are concluded and completed outside China.

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

3 Stamp Duty ("SD")

SD under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on SD. SD is levied on the execution or receipt in China of certain documents, including loan contracts. Currently, stamp duty is not imposed on the contracts for the sale of PRC bonds.

4 Tax Provision

It should be noted that there is a possibility of the PRC tax rules, regulations and practice being changed and taxes being applied retrospectively. If tax is levied by the STA on the Sub-Fund and the Sub-Fund is required to make payments reflecting tax liabilities for which no provisions have been made, investors should note that the Net Asset Value of the Sub-Fund may be adversely affected, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the tax liabilities of the Sub-Fund will only impact Units in issue of the Sub-Fund at the relevant time, and the then existing Unitholders and subsequent Unitholders of such Sub-Fund will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund.

The actual tax liabilities may be lower than the tax provision made (if any), in which case those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.

Unitholders may be disadvantaged depending upon the final tax liabilities and when they subscribed and/or redeemed their Units in the Sub-Fund. Unitholders should seek their own tax advice on their tax position with regard to their investment in the Sub-Fund.

WHT provision on capital gains from onshore PRC debt securities

In order to meet the potential tax liability for capital gains in respect of the gross realized and unrealized capital gains derived from the investments in onshore PRC debt securities, a provision of 10% has been made by the Sub-Fund before 30 October 2015.

Please note that the interpretation of the taxability of the capital gains from the trading of PRC debt securities may be subject to change. If the STA and/or MOF would issue tax rules in the future which change the above position (e.g. consider the gains derived by non PRC residents (including the then QFIIs or currently the QI) to be PRC sourced), the Sub-Fund would need to assess whether treaty relief would be available under the Arrangement.

The Sub-Fund's approach with regard to WHT is subject to change if there is specific tax rule/guidance on then QFII (or currently the QI) issued by the STA/MOF, as well as practices adopted by the local tax authorities/STA, in the future.

In respect of offshore bond investments, the Sub-Fund will not currently make any provision for any potential tax liability for capital gains.

WHT provision and VAT provision on the Sub-Fund's interest income derived from onshore PRC debt instruments

The Manager, having taken and considered the independent professional tax advice and in accordance with such advice, has determined that in view of Bulletin [2021] No. 34, the Manager will not make WHT provision and VAT provision on the Sub-Fund's interest income derived from onshore PRC debt instruments from 7 November 2018 onwards until 31 December 2025.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(g) Risks associated with investments in debt and fixed income instruments

Liquidity and volatility risks

Investors should note that the markets in respect of debt and fixed income instruments in the PRC are still at a developing stage and trading value and trading volumes may be lower than in more mature financial markets. There may not be a liquid or active market for the trading of RMB-denominated bonds in the Shanghai Stock Exchange, the Shenzhen Stock Exchange and/or the interbank bond market in Mainland China. Therefore, the Sub-Fund may be subject to the risk of not being able to sell its bonds on a timely basis, or will have to sell at a deep-discount to their face values. The security prices may fluctuate significantly. The Sub-Fund's value, liquidity and volatility may be adversely affected.

Also, markets on which offshore RMB debt instruments are traded may be less liquid and more volatile 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. Where the Sub-Fund invests in offshore RMB debt securities 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 offshore RMB debt securities. In the absence of an active secondary market, the Sub-Fund may need to hold the relevant debt securities 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.

The liquidity of the Sub-Fund will be affected by the liquidity of its investments and may be subject to restrictions imposed under PRC regulations on repatriation of principal or profits in respect of investments held through QI. Transaction sizes for QI are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities). If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of the Sub-Fund.

Credit/insolvency risk and counterparty risk

The Sub-Fund is exposed to the credit/insolvency risk of issuers of debt and fixed income instruments and deposits that the Sub-Fund may invest in. If the issuer of such debt instruments defaults, or such debt instruments cannot be realised, or perform badly, investor may suffer substantial losses.

The debt and fixed income instruments and deposits that the Sub-Fund invests in are typically unsecured debt obligations and are not supported by any collateral. If the issuer becomes insolvent, proceeds from the liquidation of the issuer's assets will be paid to holders of RMB-denominated fixed income instruments 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 the event of bankruptcy or insolvency of any of its counterparties, the Sub-Fund may experience delays in liquidating its positions and may incur significant losses (including declines in the value of its investment) as a result of the inability to redeem its investments during the period in which the Sub-Fund seeks to enforce its rights, and the fees and expenses incurred in enforcing its rights. To the extent that a counterparty defaults on its obligations and the Sub-Fund is prevented from exercising its rights with respect to the investment in its portfolio, the Sub-Fund may experience a decline in the value and incur costs associated with its rights attached to the security. The Sub-Fund may sustain substantial losses as a result.

Investors should note that cash deposited in the Cash Account(s) of the Sub-Fund with the QI Custodian will not be segregated but will be a debt owing from the QI Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belong to other clients of the QI Custodian. In the event of bankruptcy or liquidation of the QI Custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash account, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors (other than those unsecured creditors who have a compulsory priority under the PRC law), of the QI Custodian. The Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

Risks relating to credit rating

a) *Risks relating to rating criteria and methodology used by Chinese local rating agencies*

RMB debt and fixed income instruments that the Sub-Fund invests in may be unrated or rated by Chinese local credit rating agencies. The rating criteria and methodology used by Chinese local rating agencies may be different from those adopted by most of the established international credit rating agencies. Such rating system may not provide an equivalent standard for comparison with securities rated by international credit rating agencies. Valuation of these debt and fixed income instruments may be more difficult and the prices of the Sub-Fund may be more volatile.

b) *Credit rating downgrading risk*

The debt and fixed income instruments invested by the Sub-Fund may be subject to the risk of being downgraded. In the event of a credit rating downgrading, the Sub-Fund's investment value in such security may be adversely affected.

In respect of the Sub-Fund's investment in debt and fixed income instruments that are of higher credit ratings, the credit quality and liquidity of the Sub-Fund's investment portfolio may deteriorate when any such investments become lower graded. The Sub-Fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk. Investors may suffer substantial loss of their investments in the Sub-Fund.

c) *Lower graded bonds risk*

The Sub-Fund may invest in Non-investment Grade bonds or bonds have credit ratings of BB+ or below as designated by Chinese local PRC credit rating agencies or Unrated Bonds. Investors should note that such securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than higher rated lower yielding securities. These securities are susceptible to uncertainties and exposure to adverse financial or market conditions which may lead to the issuer's inability to make timely interest and principal payments. Further, the market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult. The values of these securities tend to be more volatile and sensitive to individual issuer developments and general economic conditions than the values of higher rated securities. As a result, the Sub-Fund's prices may be more volatile.

Interest rate risk

Changes in interest rate may affect the values of a debt security as well as the financial markets in general. Bonds and other fixed income instruments are generally susceptible to fluctuations in interest rates. Interest rate fluctuations affect the capital value of investments. Where long-term interest rates rise, the capital value is likely to fall, and vice versa. Generally, the longer the maturity or duration of a fixed income instruments, the greater the impact of a rise in interest rate on the security's value. Increase in interest rate may adversely affect the values of fixed income instruments; the Sub-Fund may suffer loss as a result of the fall in value of the fixed income instruments.

(h) Risks associated with instruments with loss-absorption features

(i) 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 a pre-defined trigger event (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.

(ii) In the event of the activation of a trigger event, 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.

(iii) The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

(iv) The Sub-Fund may invest in non-preferred senior debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

(i) <u>Risk of limited pool of investments</u>

The Sub-Fund's investment strategy is to invest primarily in onshore RMB debt and fixed income instruments. However, the quantity of such assets that are available to the Sub-Fund is currently limited. In the absence of investible securities, the Sub-Fund may have to allocate a significant portion of the portfolio's RMB assets in RMB deposits until suitable securities are available in the market. This may adversely affect the Sub-Fund's return and performance. In addition, where there is a limited supply of and excess demand for onshore RMB debt and fixed income instruments, prices of such instruments could be driven up, and their quality could be compromised, and these may have an adverse impact on the value of the Sub-Fund.

(j) Derivative instruments risk

The Sub-Fund may use derivatives for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility.

The Sub-Fund is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced. In adverse situation, the Sub-Fund's use of derivatives may become ineffective in hedging and the Sub-Fund may suffer significant losses.

(k) Risk on redemption charge and redemption limit

The Manager may, at its absolute discretion, impose a Redemption Charge (inclusive of the administrative charge set out under section headed "Fees and Expenses" below) of up to a maximum of 6% of the relevant redemption proceeds on a Unitholder applying to redeem all or any of his Units.

The Manager may limit the number of Units of any class in the Sub-Fund redeemed on any Dealing Day to 10% (or such higher percentage as the Manager and the Trustee may from time to time determine) of the total number of Units in the Sub-Fund in issue.

(l) Early termination risk

The Sub-Fund may be terminated for a number of reasons. These may include (i) the SFC withdrawing its authorisation of the Sub-Fund; (ii) if any law is passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Sub-Fund; (iii) the retirement or removal of the Manager where no replacement manager which is acceptable can be found; (iv) the retirement or removal of the Trustee where no replacement trustee which is acceptable can be found; (v) at any time one year after the establishment of the Sub-Fund the Net Asset Value of the Sub-Fund falls below US$20 million; (vi) the Manager ceases to hold a QI status; or (vii) in other circumstance described in the Explanatory Memorandum or this Term Sheet. If the Sub-Fund is terminated for whatever reason, it may suffer declines in its Net Asset Value. Accordingly investors may not receive an amount upon termination equal to their capital originally invested in Unit.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the section headed "Investment and Borrowing Restrictions" on pages 17 to 23 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

In addition, any investment restrictions, prohibitions and borrowing restrictions under the QI Regulations are also to be observed by the Manager as a QI.

Additional investment restrictions and prohibitions and borrowing restrictions may be imposed with reasonable prior notice to the Unitholders.

Dealing Frequency

Monthly, on the last Business Day of each month.

The first Dealing Day for Class C Units following the Initial Offer Period or each Limited Offer Period is on the last Business Day of the month on which the inception date falls (or such other date as may be notified to prospective investors). Thereafter, the Dealing Day is on the last Business Day of each month.

Initial Issue of Units

Different classes of Units may be offered for a Sub-Fund. Although the assets attributable to each class of Units of the Sub-Fund will form one single pool, each class of Units may have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the 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 amounts.

Currently, Class C – HKD Units of the Sub-Fund are available for subscription. The Class C Units were initially offered for subscription by investors during the initial offer period (the "**Initial Offer Period**") which has already been closed.

The Class C Units were offered at an issue price of HK$10 per Class C – HKD Unit (exclusive of any applicable initial charge).

The Manager may levy an initial charge on the issue of the Class C Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 16 below.

The Manager intended to receive subscription monies for investment in Mainland China's RMB debt market, through the then QFII status of the Manager, up to the then applicable QFII quota allocated to the Sub-Fund. The then QFII Quota allocated to the Sub-Fund was US$20 million. This amount would be shared among all classes of Units (if more than one class) (including those not available to the Hong Kong public, if any).

The Manager may exercise its discretion to close subscription to all classes of Units before the end of the Initial Offer Period without prior notice if the total subscription monies received reach US$25 million in aggregate in respect of all classes of Units. In respect of the affected class or Units only, the Manager will announce the early closure of the Initial Offer Period in the South China Morning Post and the Hong Kong Economic Journal and the Hong Kong Economic Times as soon as is practicable.

Applications for subscription of Units made during the Initial Offer Period cannot be withdrawn or amended.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

In respect of applications for Class C – HKD Units in writing (including by facsimile received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the Initial Offer Period, the applicable Class C – HKD Units were issued on the close of the Initial Offer Period.

The Manager may exercise its discretion not to issue any Class C Units in the event that (i) the combined minimum aggregate investment of US$20 million (or such other minimum amount as may be determined by the Manager in its discretion) is not made during the above mentioned Initial Offer Period or (ii) the Manager, in its discretion, are of the opinion that it is not in the best interests of investors or commercially viable to proceed with such issue.

Units would be allocated on the following bases: (i) Units would be allocated on a first-come-first-served basis until the then QFII Quota allocated to the Sub-Fund has been fulfilled; (ii) the Manager might invite further applications for subscription after the Initial Offer Period has closed; (iii) in the event that subscription demand exceeds the Sub-Fund's then available QFII Quota, Units would be allocated at the Manager's discretion on a pro-rata basis. If an application was rejected in whole or in part, the subscription monies (i.e. in full and in part) paid by the applicant would be returned to the applicant, without interest.

Subsequent Issue of Units – Limited Offer Periods

After the Initial Offer Period and the implementation of the QI Regulations, the Manager may, at its discretion, announce limited offer periods from time to time (each "**Limited Offer Period**"), during which applications for subscription of Units may be received. Applications in writing (including by facsimile for Class C - HKD Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) three (3) Business Days prior to a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

Once an application for subscription of Units is made, any subsequent request for withdrawal or amendment made during each Limited Offer Period shall be dealt with at the sole discretion of the Manager. The Manager reserves the right to reject such request.

Given the monthly dealing feature of the Sub-Fund, valid applications for subscription received before 5:00 p.m. (Hong Kong time) three (3) Business Days prior to each Dealing Day after the Initial Offer Period will be matched with outstanding valid applications for redemption received.

The Manager reserves the right to accept or reject any application for Units in whole or in part during each Limited Offer Period or on any other Dealing Day, including but not limited to when the Manager determines that the Sub-Fund does not have ready access to other appropriate instruments to invest the additional subscription proceeds in a timely manner. In such circumstances, Units will be allocated at the Manager's discretion but on a pro-rata basis. If an application is rejected in whole or in part, subscription monies (i.e. in full and in part) paid by the applicant will be returned to the applicant, without interest.

The issue price (exclusive of any initial charges) of Units of the relevant class of the Sub-Fund on a Dealing Day will be calculated by reference to the Sub-Fund's Net Asset Value per Unit as at that Dealing Day. The Manager may also levy an initial charge on the issue of the Class C Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 16 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Units will not be issued during the period of any suspension of the determination of the Net Asset Value of the Sub-Fund (for details, please see the sub-section headed "Suspension of Dealings and Determination of Net Asset Value" on page 34 of the Explanatory Memorandum).

Minimum Subscription and Subsequent Holding

Only Class C Units are currently available for subscriptions.

The minimum amount of each subscription in the Class C Units of the Sub-Fund during the Initial Offer Period and each Limited Offer Period shall be HK$10,000, inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Units of a particular class if, after redemption, the Unitholder's holding of Units in that class falls below HK$10,000.

However, the Manager reserves the right to waive or reduce the amount of the minimum subscription or minimum holding requirements for any Unitholder.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD" and crossed "A/C Payee Only, Not Negotiable" or by telegraphic transfer or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details for Class C – HKD Units are as follows:

Name: Bank of China (Hong Kong), Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C No: 012-875-0-044596-0

Subscription monies must be paid in Hong Kong dollars.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Offer Period (for subscriptions during the Initial Offer Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Redemption of Units

No Unitholder shall be entitled to realize part only of his holding of Units of a particular class if:

(i) such redemption would result in his holding of Units of that class after redemption being less than HK$10,000; or

(ii) the amount of proceeds realized from the class of Units is less than HK$10,000.

However, the Manager reserves the right to waive or reduce the amount of such minimum holding and redemption requirements for any Unitholder.

Redemption Procedures

Due to the repatriation restrictions in Mainland China where (i) there is a Lock-up Period, and (ii) thereafter, repatriation of funds from Mainland China for the account of the Sub-Fund is only permitted on a weekly basis. Sufficient time is required to deal with the applications for redemption from the Sub-Fund.

Valid applications for redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) three (3) Business Days prior to the relevant Dealing Day will be dealt with by reference to the redemption price on the last Business Day of that month if they contain all required information. All requests for redemption must be directed to, and received by the Manager by the dealing cut-off time specified above.

Any application for redemption requests in writing (including by facsimile) received by the Manager after the cut-off time specified above will be carried forward and dealt with by reference to the redemption price on the last Business Day of the following month and, if received during a period of suspension of dealings and is not retracted prior to the termination of such period of suspension, will be dealt with by reference to the last Business Day of the end of the month following the termination of suspension of dealings. Applications for redemption of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption proceeds will normally be paid in the relevant currency of the particular class of Units being redeemed. Redemption proceeds of Class C Units of the Sub-Fund will be paid in Hong Kong.

Settlement of Redemption Proceeds

Redemption payments (net of other fees and charges) will be made after the redemption request (or, where the Unitholders choose to provide instructions by fax, the relevant faxed instructions) has been dealt with by the Manager. No third party or cash payment will be accepted.

Where no repatriation of funds from Mainland China is required, redemption proceeds will normally be paid within five (5) Business Days after the relevant Dealing Day, and in any event not more than one calendar month of the relevant Dealing Day (unless longer time is required in specific circumstances if there are capital repatriation constraints) or, if later, after duly completed redemption documentation has been received by the Manager, unless such requirement is waived by the Manager.

In cases where repatriation of funds from Mainland China is required and there are delays in repatriation of funds from Mainland China and rendering the payment of the redemption money within the above mentioned time frame not practicable, the amount due on redemption will be paid to Unitholders, as soon as practicable, and, in any event, within five (5) Business Days after completion of the relevant repatriation process. The extended time frame (beyond one (1) month) for payment is needed as the actual time required for completing the relevant repatriation process is beyond the control of the Manager.

Investors are reminded that the payment of redemption proceeds will be delayed if the redemption procedures set out above are not followed.

Redemption Limit

With a view to protecting the interests of Unitholders, the Manager is entitled to limit the number of Units of any class in the Sub-Fund redeemed on any Dealing Day to 10% (or such higher percentage as the Manager may from time to time determine) of the total number of Units of such class or classes of Units in the Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units on that Dealing Day will redeem the same proportion of such Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

The Manager will, in its sole discretion, periodically assess whether the introduction of any changes to the current redemption restrictions (e.g. whether higher redemption limit should be permitted) should be made or would be desirable taking into consideration the interests of the Unitholders as a whole, the Manager's QI status, the QI Regulations and prevailing circumstances and market conditions, among other factors, and will notify the Unitholders of the results of this assessment (insofar as there are any material changes to the current redemption restrictions) in writing.

Suspension of redemptions

The Manager may suspend the right of the Unitholders to request for the redemption of Units of any class and/or may delay the payment of any moneys in respect of any such redemption during any periods in which the determination of the Net Asset Value of the Sub-Fund relating to such class of Units is suspended. Where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to legal or regulatory restrictions (such as exchange control regulations which may be in force at the time) rendering the payment of redemption proceeds not practicable, payment of redemption proceeds may be delayed accordingly.

Calculation of Issue and Redemption Price

The issue and redemption prices of the Sub-Fund will be rounded to the 4th decimal place of the relevant currency of the relevant class Units (and in the case of 0.00005 of the relevant currency of the relevant class Units, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the Sub-Fund.

Switching involving the Sub-Fund

Until the Manager determines otherwise, and notifies the relevant Unitholders in writing, no switching of any Units between different Classes and/or involving Sub-Fund is allowed.

Regular Savings Plan

The Sub-Fund does not currently allow for participation by investors under Regular Savings Plan. The Manager will serve at least one (1) month's prior written notice to Unitholders in case there is any change to this arrangement.

Distribution Policy

The Manager does not intend to make any distributions in respect of the Sub-Fund and any income earned by the Sub-Fund will be reinvested in the Sub-Fund and reflected in the value of Units of the relevant class of the Sub-Fund.

Fees and Expenses

(i) Management Fee and Servicing Fee

The current management fee for Class C Units of the Sub-Fund is 1% of its Net Asset Value per annum. The maximum management fee for the Class C Units of the Sub-Fund is 2% of its Net Asset Value per annum.

No servicing fee will be levied for Class C Units of the Sub-Fund.

(ii) Initial Charge

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of Class C Units of the Sub-Fund during and after the Initial Offer Period.

(iii) Redemption Charge (inclusive of administrative charge)

The Manager may, at its absolute discretion, impose a Redemption Charge (inclusive of the administrative charge set out below) (and subsequently, at its absolute discretion, in relation to different investors, increase, reduce or waive in whole or in part such Redemption Charge) of up to a maximum of 6% of the relevant redemption proceeds on a Unitholder applying to redeem all or any of his Units.

The administrative charge is intended to cover all or part of the dealing and transaction costs (including any requisite governmental tax, stamp duty, registration fee, fiscal or currency repatriation charges, market spreads) relating to the liquidation or disposal of the underlying investments. All Redemption Charges are retained by the Manager for its own absolute use and benefit.

3% of the redemption proceeds would have been levied for the redemption of Class C Units of the Sub-Fund if the redemption took place within the period from the close of the Initial Offer Period to 20 May 2013. No Redemption Charge is currently imposed.

(iv) Fees payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value of the Sub-Fund. The current level of Trustee Fee is as follows:

- 0.125% per annum on the first HK$200 million of the Net Asset Value
- 0.10% per annum on the next HK$200 million of the Net Asset Value
- 0.0875% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees (including those sub-custody transaction and safekeeping fees and charges, out-of-pocket expenses incurred by the Trustee in the performance of its duties) in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination (in particular, the Trustee shall be entitled to retain out of any moneys in its hands as part of the Sub-Fund being terminated full provision for all costs, charges, expenses, claims and demands incurred or made by the Trustee in connection with or arising out of the termination of the Sub-Fund and out of the moneys so retained to be indemnified against any such costs, charges, expenses, claims and demands); and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to the section headed “Charges and Expenses” on pages 35 to 39 of the Explanatory Memorandum.

(v) Other charges and expenses

PRC Broker Fee
Each of the PRC Brokers shall receive commissions or spreads customary in the relevant market ranging between two (2) to twenty (20) basis points of the values of transactions handled by it.

QI Custodian Fee
The QI Custodian’s fees will be paid out of the assets of the Sub-Fund. The QI Custodian fee (excluding transaction fees and out-of-pocket expenses) is up to 1% per annum and the current level is 0.035% per annum, subject to a minimum monthly fee of US$500. The fee is calculated and payable on a monthly basis on the market value of the securities portfolio held by the QI Custodian on behalf of the Sub-Fund. The Trustee shall discharge out of the Sub-Fund’s assets (i) reasonable out-of-pocket expenses payable to the QI Custodian and (ii) all transaction charges payable to the QI Custodian.

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund was from the close of its Initial Offer Period to 31 December 2013.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed “Other Charges and Expenses” on pages 37 to 38 of the Explanatory Memorandum.

FIRST TERM SHEET TO
BOCIP ASSET MANAGEMENT INVESTMENT FUNDS

29 December 2022

BOCIP China Value Fund (the "Sub-Fund")

This First Term Sheet forms part of and should be read in conjunction with the Explanatory Memorandum for the BOCIP Asset Management Investment Funds issued on 29 December 2022 as amended or supplemented from time to time (the "Explanatory Memorandum") and the latest available Product Key Facts Statement of the Sub-Fund.

The Sub-Fund is an additional sub-fund established on 3 January 2011 under the BOCIP Asset Management Investment Funds.

Unless otherwise stated in this First Term Sheet, all other provisions in the Explanatory Memorandum will be applicable to the Sub-Fund. Terms used in this First Term Sheet shall have the meaning as given to them in the Explanatory Memorandum, unless the context otherwise requires.

The Sub-Fund has been authorized by the SFC under section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and the Code on Unit Trusts and Mutual Funds (the "UTMF Code"). SFC authorisation is not a recommendation or endorsement of the Sub-Fund, nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Investment Objectives and Policies

The BOCIP China Value Fund seeks to achieve long term capital growth by investing primarily in securities issued by or linked to companies which activities and business are closely related to the economy of the PRC.

The Manager will consider investment opportunities in all market capitalization ranges. The Manager would place particular emphasis on and will invest at least 70% of its non-cash assets in securities that are, in the opinion of the Manager, with attractive values and investment in such securities will achieve the investment objectives of the Sub-Fund. Stock selection is based on "intrinsic valuation matrix" which seeks to identify companies with growth potentials, good fundamentals and/or attractive valuations. Fundamental factors may include business strategy, management strength and financial position.

This "intrinsic valuation matrix" will include, but not limited to, metrics like price earning ratios, price to book ratios, price to net asset values, price to cashflows, returns on equity, leverage ratios, etc.. These metrics enable the Manager to identify the intrinsic value of a company on both a relative and absolute basis.

The Sub-Fund will mainly invest in Hong Kong-listed stocks, H shares, shares of red-chip companies (directly and/or indirectly through investments in SFC authorised collective investment schemes ("CISs") (including CISs managed by the Manager)) and/or exchange traded funds ("ETFs") listed on the Stock Exchange of Hong Kong Limited ("SEHK") (including ETFs managed by the Manager).

The Sub-Fund may also invest (a) up to 20% of its Net Asset Value in A shares ((i) directly through the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect; and/or (ii) indirectly through investment in equity linked instruments ("ELIs") (which may take the form of notes, contracts or other structures) issued by institutions or their affiliates with Qualified Foreign Investors/ Qualified Investors or QI ("QI") status in the PRC, ETFs listed on the SEHK (including ETFs managed by the Manager) and/or SFC authorised CISs (including CISs managed by the Manager)); and/or (b) up to 15% of its Net Asset Value in B shares listed on the stock exchanges in Mainland China.

Under the prevailing investment regulations of the PRC, foreign institutional investors (such as the Manager) who wish to invest directly in the A shares market must obtain the QI status in the PRC. Qualified Foreign Investors/ Qualified Investors or "QI" refers to foreign institutional investors who are approved as such, including qualified foreign institutional investors ("QFIIs") or RMB qualified foreign institutional investors ("RQFIIs") previously approved, by the China Securities Regulatory Commission ("CSRC") to invest in the PRC securities and futures markets with funds raised overseas. A shares are also available for investment by Hong Kong and overseas investors via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect. It is expected that investment of the Sub-Fund in A shares will be made directly through the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect and/or indirectly through ELIs, ETFs or SFC authorised CISs. For investment in ELIs, such ELIs will be held by the Trustee of the Sub-Fund and will be linked to one or a basket of A shares. The ELIs are expected to be quoted on Bloomberg or Reuters and will be issued by institutions or their affiliates with QI status. If the Sub-Fund invests in ELIs which are not listed or quoted or dealt in on a market (market means any stock exchange, over-the-counter ("OTC") market or other organized securities market that is open to the international public and on which such securities are regularly traded), the Sub-Fund's investment therein will not exceed 15% of its latest available Net Asset Value.

Investment in A shares may also be made indirectly through ETFs listed on SEHK. The Sub-Fund's investment in each ETF will not exceed 10% of its Net Asset Value.

The aggregate exposure to the A shares and B shares market will not exceed 20% of the Sub-Fund's Net Asset Value.

Investors should take note that the Manager may change the above investment limit if it considers appropriate after taking into account the prevailing market conditions.

The Sub-Fund may also invest in other PRC-related securities listed or quoted outside Mainland China and Hong Kong if such securities are issued by companies which are related to the economy of the PRC. These securities may be listed on various stock exchanges including but not limited to stock exchanges in the United States, London or Singapore, such as ADRs (American depository receipts) and GDRs (global depository receipts).

The Manager may also invest up to 30% of the Net Asset Value of the Sub-Fund, in convertible bonds, pre-IPO stocks of companies (the total aggregate of investment in securities neither listed, quoted nor dealt in on a market (as defined below) may not exceed 15% of its total net asset value) which are related to the economy of the PRC and may hold cash, deposits, certificates of deposit, treasury bills, debt securities or other instruments for the account of the Sub-Fund. Market, as defined under Chapter 7.3 of the UTMF Code, currently means any stock exchange, over-the-counter market or other organized securities market that is open to the international public and on which such securities are regularly traded.

The Manager does not currently intend to invest in futures contracts, options or forward currency transactions. However, the Manager reserves the power to employ a portion of the assets of the Sub-Fund in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and/or hedging and/or non-hedging purposes Provided That such investments shall comply with the investment restrictions set out in Chapter 7 of the UTMF Code.

The Sub-Fund will not be engaged in any securities lending activities.

The Sub-Fund adopts a flexible asset allocation policy and the Sub-Fund may increase its cash or cash equivalent holdings (including time deposits and money market instruments) (up to 100%) under certain circumstances, such as attempts to (i) protect the assets of the Sub-Fund; (ii) mitigate the risk of potential sharp reversals and fall in equity markets; (iii) mitigate downside risks during uncertainties; or (iv) maintain liquidity for the Sub-Fund.

Risk Factors and Risk Management Policies

Risk Factors

The risk factors set out under the section headed "Risk Factors and Risk Management Policies" on pages 5 to 17 of the Explanatory Memorandum, including general investment risk, political, economic and social risks, market risk, emerging market risk, risk relating to accounting standards and disclosure, currency risk, foreign exchange risk, securities risk, equity market risk, derivative instruments risk, concentration or single country/region risk, political or sovereign risk, liquidity risk, potential conflicts of interest, early termination risk, tax risk, risks relating to obligations to comply with AEOI, risks relating to obligations under FATCA regulations and withholding tax risk under FATCA regime, generally apply to the Sub-Fund. Since the Sub-Fund involves investments in Mainland China, investors should also note risks associated with high volatility of the equity market in Mainland China and risk associated with regulatory/ exchanges requirements/ policies of the equity market in Mainland China. Since the Sub-Fund has direct investment in A shares via Shanghai and Shenzhen Connect, investors should also note risks associated with Shanghai and Shenzhen Connect. Since the Sub-Fund has Units denominated in RMB and has investments denominated in RMB or exposure to RMB currency, investors should also note (i) Foreign Exchange and RMB Currency and Conversion Risks and (ii) Risk relating to Redemption and/or Distribution Payments (if any). Since the Sub-Fund offers other class(es) of Units, investors should pay attention to (i) risk relating to those class(es) of Units denominated in a currency other than the Base Currency; and (ii) cross-class liability risk. In addition, since the Sub-Fund offers Class A – RMB Hedged Currency Class Units, investors should also pay attention to the currency hedged class risk set out in the Explanatory Memorandum.

In addition to the foregoing general risk factors, investors should note the following risks:

(a) Investment Risk

The Sub-Fund is an investment fund. The Sub-Fund's investment portfolio may fall in value and therefore, investors' investment in the Sub-Fund may suffer losses. There is no guarantee in respect of repayment of principal.

(b) Value Stock Risk

The Manager of the Sub-Fund will consider investment opportunities in all market capitalization ranges that are, in the opinion of the Manager, with attractive values. Stock selection is based on "intrinsic valuation matrix" which seeks to identify companies with growth potentials, good fundamentals and/or attractive valuations. Fundamental factors may include business strategy, management strength and financial position.

Such value investing strategies involve the risk that the market will not recognize a security's intrinsic value for a long time or the expected value was misgauged. Price of the security may go down even though in theory the price is already undervalued. Value stocks may perform differently from the market as a whole and may be undervalued by the market for a long period of time or may never be realized.

(c) Emerging Market Risk / PRC Market Risk

Investing in the securities relating to China is subject to the risks of investing in emerging markets generally and the risks specific to the China market in particular.

Investment in an emerging market, such as the PRC involves special risks and considerations. The Sub-Fund may be subject to risks in relation to economic, political, social and regulatory development in the PRC. These risks include the possibility of: more volatile financial markets, price volatility, smaller capital markets, less developed economic, political and social conditions and policies, less developed clearance and settlement systems and procedures, greater risks in relation to foreign exchange and liquidity, nationalisation, expropriation, government control and intervention and different accounting standards, etc.. All these may have an adverse impact on performance of the Sub-Fund.

The Sub-Fund may be subject to the economic, political and social development risks in the PRC. Although in recent years the PRC has experienced substantial economic reform, the PRC government's regulatory and legal framework for securities markets is still developing as compared to the systems in place in more mature markets.

The value of the Sub-Fund's assets may be affected by uncertainties or changes in government policies, promulgation of foreign currency and monetary policies and tax regulations. Such measures may have associated impact on the economy or financial markets of the PRC.

Companies in Mainland China are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

The Chinese government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by the Sub-Fund. Furthermore, the PRC government may from time to time adopt corrective measures to control the growth of the PRC economy which may have an adverse impact on the performance or value of the Sub-Fund.

The clearance and settlement systems and procedures in Mainland China may be less developed. There may have times when clearance and settlements are unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Problems with clearance and settlement may affect the value and liquidity of the Sub-Fund. The inability of the Sub-Fund to make intended securities purchases due to clearance and settlement problems may result in the Sub-Fund losing investment opportunities. Inability to dispose of a portfolio security caused by such problems could result either in losses to the Sub-Fund due to subsequent declines in value of the portfolio security or, if the Sub-Fund has entered into a contract to sell the security, could result in potential liability to the purchaser.

(d) Single Country Risk

The Sub-Fund that is launched which mainly focus their investments on the business of one single country will increase the Sub-Fund's vulnerability to the economic, political, social, market or regulatory developments of that country.

(e) Risk of Investing in Equity Securities

Investing in equity securities like H shares, shares of companies or ETFs listed on the SEHK, A shares and B shares may be associated with higher risks because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value.

The stock exchanges in the PRC on which A shares and B shares are traded are relatively at a developing stage and the choice of investments in the A share and B share markets is limited as compared with other developed securities markets. Their trading volumes may be much lower than those in developed markets. Potential volatility and illiquidity of the A share and B share markets may have an adverse impact on the prices of PRC securities in which the Sub-Fund invests or the price of the ELIs held by the Sub-Fund.

(f) Risks Relating to Investment in ETFs

Investors should note that the market price of the units of an ETF traded on the SEHK is determined not only by the Net Asset Value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the SEHK. Therefore, there is a risk that the market price of the units of the ETF traded on the SEHK may diverge significantly from the Net Asset Value of the ETF.

An ETF's returns may deviate from the index to which it is tracking due to a number of factors. For example, the fees and expenses of an ETF, the need for the manager of an ETF to adopt a representative sampling strategy, rounding of share prices, changes to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index. Further, an ETF may receive income (such as interests and dividends) from its assets while the tracking index does not have such sources of income.

An ETF is not actively managed. The manager of an ETF may not take an active role in defending the position of the ETF in declining markets. Hence, any fall in the relevant index will result in a corresponding fall in the value of the ETF.

There can be no assurance that an active trading market in respect of the units of an ETF will be developed or maintained.

(g) Risk Relating to Investment in ELIs

Illiquidity risk: ELIs linked to one or a basket of A shares are usually subject to the terms and conditions imposed by the ELI issuer. If the Sub-Fund invests in ELIs which are not listed or quoted or dealt in on a market, such investment can be highly illiquid as there may not be an active market for the ELIs. Even if the ELIs are quoted, there is no assurance that there will be an active market for them and therefore investment in these ELIs can also be highly illiquid. In order to meet realization requests, the issuer will have to act as a market maker and re-purchase the ELIs. In unwinding the ELIs, the ELI issuer will quote a price that will reflect the market liquidity conditions and the prices of the underlying securities, and the Sub-Fund may only rely upon such price in the unwinding transactions.

Potential lack of economic benefits of underlying A shares: Depending on the terms of the ELIs, investment in an ELI may not entitle the Sub-Fund to capture all the economic benefits (such as dividend or other rights) associated with the underlying A shares.

Repatriation risk: ELIs issued by institutions or their affiliates with the QI status will be subject to the restrictions imposed in respect of repatriation of funds. ELIs may be restricted from withdrawing funds from its account with the QI holder until and unless the QI holder as a whole is permitted to repatriate its funds under the QI rules and regulations. It may, therefore, not be possible for ELIs to repatriate funds from the PRC, or it may require government consent to do so, hence may adversely affect the Sub-Fund's liquidity and performance. Furthermore, investments in the A share market through the ELIs may be subject to other limitations, such as the control of currency conversion which may also result in difficulties in the repatriation of funds. These may restrict the Sub-Fund's performance and its ability to meet realization requests. In order to meet a substantial redemption request, the Sub-Fund may need to sell investments other than the ELIs or even suspend the determination of the Net Asset Value and dealing of the Sub-Fund.

Valuation risk: Valuation of the ELIs may be performed by the issuer or independent third parties, in accordance with the terms of the ELIs. Investors should note that different ELI issuers may have different terms for the ELI and may have varying valuation principles. Generally, valuation will be based on, among other factors, the closing price of the relevant A shares underlying the ELI. If the ELI is not denominated in RMB, the value of the ELI may also be subject to the foreign exchange conversion between RMB and the currency in which the ELI is denominated. Valuation of the ELIs may also involve the imposition of any bid and offer spread or any other charges by the issuer. Valuation uncertainties such as foreign exchange conversion risk, bid and offer spread and other charges could have an adverse effect on the Net Asset Value of the Sub-Fund.

Credit risk: As the Sub-Fund will invest in ELIs, performance of the Sub-Fund may be adversely affected if the issuer of the ELIs defaults due to a credit or liquidity problem. If any one of the ELIs issuers fails to perform its obligations under the ELIs, the Sub-Fund may suffer losses which may be equal to the full value of investment in such ELIs.

An ELI issuer must meet the following criteria: (i) it or the guarantor of the relevant ELI (as the case may be) must have a credit rating acceptable to the Manager (taking into account factors such as the prevailing market conditions, the credit ratings of other entities with comparable financial standing and the credit rating of the holding company of the relevant counterparty); and (ii) it or the guarantor of the relevant ELI (as the case may be) must be an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of the 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. A member company of a group including a commercial bank supervised by a regulator in a jurisdiction acceptable to the Manager.

QI risk: Given that the issuance of the ELIs depends on the ability of the QI to buy and sell A shares, any restrictions or any changes in laws and regulations imposed by the PRC government on QI's operations may adversely affect the issuance of ELIs. If the QI status of the relevant QI is revoked, the relevant ELI issuer may cease to be under an obligation to extend the duration of the ELIs or to issue further ELIs. This may have impact on the Sub-Fund's ability to achieve its investment objective.

Investors should also note that the above risks relating to ELIs will increase as the Sub-Fund's investment through ELIs in the A share market increases.

(h) PRC Tax Risk

Various tax reforms have been implemented by the PRC government in recent years. There can be no assurance that these existing tax laws will not be revised or abolished. The Sub-Fund may be subject to withholding and various other taxes imposed in Mainland China. Any changes in tax policies may affect adversely the performance of companies in the PRC or companies with activities closely related to the economic development and growth of the PRC.

1 Corporate Income Tax ("CIT")

1.1 Investing in A shares

a) Capital gains

Under the prevailing PRC CIT Law, gains derived by a non-resident from the trading of A shares would be subject to PRC withholding income tax ("WHT") unless exempted under tax law and/or an applicable tax treaty.

Under the terms of the ELIs, the QI (or the then QFII) being the issuer of the ELIs held by the Sub-Fund will pass on this potential tax liability to the Sub-Fund in the form of a WHT. The Sub-Fund is the ultimate party which will bear the potential WHT liability in respect of ELIs held by the Sub-Fund. If WHT is levied, it shall be deducted from the value of the ELIs and this will have an impact on the Net Asset Value of the Sub-Fund.

Pursuant to Caishui [2014] No. 79 – The Circular Concerning the issue of temporary exemption from the imposition of capital gain tax arising from gains from the transfer of equity investment assets such as PRC domestic shares by QFII and RQFII ("Circular 79") issued by the Ministry of Finance of the PRC ("MOF"), the State Administration of Taxation of the PRC ("SAT") and the CSRC on 14 November 2014, effective from 17 November 2014, capital gains derived by a QFII or RQFII (i.e. QI under the prevailing QI rules and regulations) from trading of A shares are temporarily exempted from WHT, provided the capital gains are not effectively connected with any permanent establishment ("PE") (if any) that the then QFII or RQFII (or currently the QI) has in China; such exemption, however, will not apply to capital gains derived by the then QFII or RQFII from transactions prior to 17 November 2014.

Pursuant to "Caishui [2014] No. 81 – The Circular on Issues Relating to the Tax Policy of the Pilot Interconnected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets" ("Circular 81") and "Caishui [2016] No. 127 – The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets" ("Circular 127"), effective from 17 November 2014 and 5 December 2016 respectively, Hong Kong market investors, both enterprises and individuals, investing in A shares via Shanghai and Shenzhen Connect are temporarily exempted from income tax on capital gains derived from the sales of A shares traded in the SSE and SZSE.

According to Circular 81 and Circular 127, the latest capital gain tax provisioning approach is as follows:

Based on professional and independent tax advice, the Sub-Fund currently will not set aside any capital gain tax provision derived from the gains from trading of A shares by a QI (or the then QFII) in relation to which the underlying A shares to which the relevant ELIs are linked or by the Sub-Fund in investing in A shares via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect.

The Manager will assess the capital gain tax provisioning approach on an on-going basis. Should the PRC tax policies in respect of the capital gain tax change, the Manager may decide to set aside a provision to meet any potential capital gain tax liability in the future. Prospective investors should consult their independent tax advisors regarding the possible implications of capital gain tax on an investment in the Sub-Fund.

b) Dividend income

To date, a 10% PRC withholding tax has been levied on dividends, distributions and interest payments from PRC listed companies to foreign investors. The PRC resident enterprises making the dividend distribution should be the withholding agent on the tax, but the QI (or the then QFII) is the taxpayer of such tax. If the distributing company fails to withhold, then the QI (or the then QFII) will need to pay the tax on its own.

As such, the QI (or the then QFII) (in relation to the underlying A shares to which the relevant ELIs are linked) being the issuer of the ELIs held by the Sub-Fund will also pass on this distribution tax liability to the Sub-Fund in the form of a WHT. Therefore, the QI (or the then QFII) and the Sub-Fund in investing A shares directly via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect, would be subject to a WHT of 10% on all cash dividends payment or cash proceeds which were referable to dividends or distributions arising from A shares. There is no assurance that the rate of the WHT will not be changed by the relevant PRC tax authority in the future.

1.2 Investing in B shares, H shares, red-chip companies and shares of companies listed on SEHK

a) Capital gains

Under the prevailing PRC CIT Law and regulations, capital gains derived by a non-resident from disposal of B shares and H shares could be subject to WHT at 10%, but under current practice no WHT is imposed on non-residents where both the purchase and sales of the B shares and H shares are via the stock exchange market. Capital gains derived by a non-resident from disposal of red-chip companies and shares of companies listed on SEHK would not be subject to WHT unless the listed company is classified by the PRC tax authority as a PRC resident enterprise.

b) Dividend income

Similar to A shares, dividend and interest income derived from investment in B shares, H shares or certain shares of companies listed on SEHK (that have been classified by the PRC tax authorities as a PRC resident enterprise) by the Sub-Fund would be subject to the WHT at 10% imposed by the PRC tax authorities which may reduce the income from the Sub-Fund and will have an impact on the performance of the Sub-Fund.

2 Value-added tax ("VAT") and surtaxes

In China, business tax was completely replaced by VAT starting from May 1, 2016. QI (or the then QFIIs and RQFIIs) are exempted from VAT on securities (including debt and fixed income instruments) trading activities in China according to Caishui [2016] No. 36 ("Circular 36") and Caishui [2016] No. 70. According to Circular 36 and Circular 127, the Sub-Fund is exempted from VAT on A share trading activities through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect. However, there is no clear rule on whether there is VAT exemption if the Sub-Fund invests in B shares. Thus, there may be VAT imposed on the Sub-Fund for trading of B shares. The H share transaction, red-chip companies transaction and other kinds of offshore shares transaction should not be subject to VAT.

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

3 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. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of A shares and B shares traded on the PRC stock exchanges. In the case of contracts for sale of A shares and B shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

According to Circular 127, Hong Kong and overseas investors borrow and return listed shares in relation to shares guarantee and short-selling through Shanghai and Shenzhen Connect, will be exempted from stamp duty from 5 December 2016.

4 Tax Provision

The taxation laws and other regulations of the PRC are constantly changing, and may be changed with retrospective effect to the advantage or disadvantage of investors in the Sub-Fund. The interpretation and application of tax laws and other applicable regulations by the relevant authorities may not be as transparent or predictable as compared to the authorities administering similar regimes in other developed jurisdictions.

Since the Sub-Fund is the ultimate parties which will bear the risks relating to PRC tax liabilities, any changes to legislation, the interpretation or application of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties (which may be on a retrospective basis) will impact on the Sub-Fund's returns. In case there is any uncertainty, the Manager will decide whether tax provisions will be made in respect of the Sub-Fund for the tax obligations based on independent tax advice obtained. Even if provisions for taxation are made by the Manager, the amount of such provisions may not reflect the exact extent of PRC tax liabilities. As a result, investors may be disadvantaged or advantaged, depending on the final outcome of any tax liability. If the actual applicable tax rate levied by the PRC tax authorities is more than the provision made, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the anticipated percentage of the provision as the Sub-Fund will have to bear the additional tax liabilities. There can be no guarantee that regulatory changes that have a detrimental impact on the investments of the Sub-Fund will not occur.

Although the relevant authorities have announced that CIT, VAT and individual income tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Fund) on the trading of A shares through Shanghai and Shenzhen Connect, dividends from A shares paid to Hong Kong and overseas investors will continue to be subject to 10% PRC WHT and the company distributing the dividend has the withholding obligation. Further, investors should note that the tax exemption on gains derived from trading of A shares via Shanghai and Shenzhen Connect under Circular 81 and Circular 127 was granted on a temporary basis and there is no assurance that the Sub-Fund will continue to enjoy the tax exemption over a long period of time. It is possible that any future announcement by the PRC tax authority may subject the Sub-Fund to unforeseen tax obligations, which may have retrospective effect.

Investors should seek their own tax advice on their Mainland China tax position with regard to their investment in the Sub-Fund.

(i) Derivative Instruments Risk

The Sub-Fund may use derivatives as one of its investment strategies. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Fund's volatility or expose the Sub-Fund to losses that exceed the cost of the derivatives. Derivatives are also subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Fund and the Sub-Fund's returns may be reduced due to the hedging costs incurred. The Sub-Fund may use derivatives for non-hedging purposes and this may increase the potential losses of the Sub-Fund.

(j) Exchange Rate Risk

As the Sub-Fund is denominated in Hong Kong dollars, investments denominated in currency or currencies other than Hong Kong dollars may expose the Sub-Fund to the exchange rate risk and fluctuation. Also, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

(k) Risk in relation to distribution

The indicative per annum distribution rate each year may vary and may go up and down. The Manager retains the absolute discretion to determine or vary the frequency and dates for distribution.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

(l) Potential Conflicts of Interest

The Sub-Fund may invest in ETFs managed by the Manager and this may give rise to potential conflicts of interest. All initial charges (if any) on the underlying ETFs must be waived. The Manager may not obtain a rebate on any fees or charges levied by such underlying ETFs.

Also, the Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager of the Sub-Fund. Furthermore, the Manager and the Trustee are affiliated. Situation may arise where there are conflicts of interest between such entities. If such conflict arises, each of the Manager and the Trustee will have regard in such event to its obligations to the Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly.

For information relating to conflicts of interest, please refer to the sub-section headed "Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions" on pages 38 to 39 of the Explanatory Memorandum.

In view of the risk factors as mentioned above, the Sub-Fund is, therefore, only suitable for investors who can afford the risks involved.

Risk Management Policies

In accordance with the investment objectives and policies of the Sub-Fund, the Manager may invest in ELIs. The Manager will seek to:

(a) acquire ELIs with reputable market counterparty with investment grade credit ratings to minimize the default and credit risks;

(b) gather confirmed market news to assess the financial soundness of the issuers of the ELIs;

(c) conduct review on the economic developments, investment policies for foreign investors and regulatory measures of the PRC, the market of the underlying equities of ELIs, in order to monitor relevant risks to investment in ELIs;

(d) consider making tax provisions on investment in ELIs, if applicable, in order to mitigate relevant risk to the potential liability of the capital gain tax which may be levied by the PRC tax authority.

Investment and Borrowing Restrictions

The investment and borrowing restrictions as set out under the sub-heading "General Investment Restrictions" on pages 18 to 21 of the Explanatory Memorandum shall be applicable to the Sub-Fund.

Initial Issue of Units

Only Class A Units of the Sub-Fund were initially offered for subscription by investors during a prescribed period (the "**Initial Period**"). The Manager may levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 14 below.

Currently, the Sub-Fund offers Class A – HKD Units, Class A – RMB Hedged Currency Class Units, Class A – RMB Units and Class A – USD Units.

Class A – HKD Units of the Sub-Fund are denominated in HK dollars. Class A – RMB Hedged Currency Class Units and Class A – RMB Units of the Sub-Fund are denominated in RMB. Class A – USD Units of the Sub-Fund are denominated in US dollars.

For the avoidance of doubt, where the Sub-Fund has "Class A – HKD Units", "Class A – RMB Hedged Currency Class Units", "Class A – RMB Units", "Class A – USD Units", or such other class which name commences with "Class A", each class of such Units shall be considered a separate class.

Class A – HKD Units of the Sub-Fund were initially offered at an issue price of HK$10.00 per Unit (exclusive of any applicable initial charge) during its Initial Period which has already been closed.

Class A – RMB Hedged Currency Class Units of the Sub-Fund were initially offered at an issue price of RMB10.00 per Unit (exclusive of any applicable initial charge) during its Initial Period which has already been closed.

Class A – RMB Hedged Currency Class Units are primarily targeted for investors whose base currency of investment is RMB. The Class A – RMB Hedged Currency Class Units aim to provide a return on investment which correlates with the return of the Class A – HKD Units (HK dollars being the Sub-Fund's base currency) by reducing the effect of exchange rate fluctuations between the Sub-Fund's base currency (i.e. HK dollars) and the RMB Hedged Currency Class currency (i.e. RMB) whilst taking into account practical considerations such as transaction costs. However, the return of the Class A – RMB Hedged Currency Class Units will never correlate perfectly to the Class A – HKD Units due to various factors, including but not limited to short-term interest rate differentials, unrealized gains/losses on currency forward positions not being invested until the gains/losses are realised and transaction costs attributable to the hedging activity. Investors should be aware that any currency hedging process may not give a precise hedge.

Class A – RMB Units of the Sub-Fund were initially offered for subscription by investors during its Initial Period (the "**said RMB Units initial period**") which has already been closed.

Class A – RMB Units of the Sub-Fund are offered at the issue price of "RMB issue price" per Class A – RMB Unit of the Sub-Fund (exclusive of any applicable initial charges).

"RMB issue price" means the Net Asset Value per Class A – HKD Unit of the Sub-Fund as at the end of the said RMB Units initial period multiplied by the foreign exchange rate for HKD/RMB quoted by Bloomberg – Bloomberg CNH rate (Tokyo Composite) at 6:00 p.m. (Hong Kong time) on the date on which the said RMB Units initial period ends, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

Investors should also note that the distribution amount and/or rate of a particular class of Units may be more than or less than such amount and/or rate of the other class(es) of Units due to various factors, including but not limited to short-term interest rate differentials. For example, investors whose base currency of investment is not RMB should pay attention if they wish to invest in Class A – RMB Hedged Currency Class Units or Class A – RMB Units. Investors who choose to convert other currencies into RMB to invest in the Class A – RMB Hedged Currency Class Units or Class A – RMB Units should understand that they may be exposed to higher currency risks and may suffer a higher loss as a result of exchange rate fluctuations than an investor whose base currency of investment is in RMB.

Class A - USD Units of the Sub-Fund were initially offered for subscription by investors during its Initial Period which has already been closed.

Class A – USD Units of the Sub-Fund during the above initial period were offered at the issue price (exclusive of any applicable initial charges). The issue price (exclusive of any initial charges) shall be the issue price of Class A – HKD Units as at the end of the initial period, multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 pm (London time) on the date on which the above initial period ends, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

Subsequent issue of Units

After the Initial Period, applications in writing (including by facsimile) or Class A Units of the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day in writing (including by facsimile) will be dealt with, and Units will be issued, on that Dealing Day. Where applications are received after such time or on such day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of the relevant class of Units of the Sub-Fund on a Dealing Day will be calculated by reference to the Net Asset Value per Unit of such class of Units of the Sub-Fund as at that Dealing Day, save that:

(i) for Class A – RMB Hedged Currency Class Units of the Sub-Fund, the issue price (exclusive of any initial charges) of such Units on a Dealing Day (as calculated in accordance with the sub-section headed "Calculation of Issue and Redemption Price" below) will be the Net Asset Value per such Unit in HKD (the base currency of the Sub-Fund) (net of all realized or unrealized gains/losses or expenses arising from the hedging transactions borne by Unitholders of Class A – RMB Hedged Currency Class Units) as at that Dealing Day multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 p.m. (London time) on that Dealing Day, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate;

(ii) for Class A – RMB Units of the Sub-Fund, the issue price (exclusive of any initial charges) of such Units on a Dealing Day (as calculated in accordance with the sub-section headed "Calculation of Issue and Redemption Price" below) will be the Net Asset Value per Class A – HKD Units of the Sub-Fund as at that Dealing Day multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 p.m. (London time) on that Dealing Day, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate; and

(iii) for Class A – USD Units of the Sub-Fund, the issue price (exclusive of any initial charges) of such Units on a Dealing Day (as calculated in accordance with the sub-section headed "Calculation of Issue and Redemption Price" below) will be the Net Asset Value per Class A – HKD Units of the Sub-Fund as at that Dealing Day multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 pm (London time) on that Dealing Day, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

The Manager may also levy an initial charge on the issue of the Class A Units. The maximum amount of such initial charge is set out in the section headed "Fees and Expenses" on page 14 below.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Minimum subscription and subsequent holding

Only Class A – HKD Units, Class A – RMB Hedged Currency Class Units, Class A – RMB Units and Class A – USD Units are currently available for subscription.

Unless otherwise allowed under the section headed "Regular Savings Plan" on pages 34 to 35 of the Explanatory Memorandum, the minimum amount of each subscription in each of the Class A – HKD Units, Class A – RMB Hedged Currency Class Units, Class A – RMB Units and Class A – USD Units of the Sub-Fund during and after the Initial Period shall be HK$10,000 or its equivalent amount in RMB or USD (as the case may be), in each case inclusive of any initial charge.

Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Class A – HKD Units, Class A – RMB Hedged Currency Class Units, Class A – RMB Units or Class A – USD Units (as the case may be) of the Sub-Fund if, after redemption, the Unitholder's holding in Class A – HKD Units, Class A – RMB Hedged Currency Class Units, Class A – RMB Units or Class A – USD Units (as the case may be) of the Sub-Fund falls below HK$10,000 or its equivalent amount in RMB or USD (as the case may be).

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements for any Unitholder.

Payment procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd– Client A/C-UTD" and crossed "A/C Payee Only, Not Negotiable" or by telegraphic transfer or bank transfer net of all bank charges (i.e. at the expense of the applicant). The account details are as follows:

Name: Bank of China (Hong Kong), Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd– Client A/C-UTD
A/C Numbers:
For Class A – HKD Units: 012-875-0-044596-0
For Class A – RMB Hedged Currency Class Units, Class A – RMB Units and Class A – USD Units:
012-875-9-251458-0

Subscription monies for Class A – HKD Units must be paid in HK Dollars. Subscription monies for Class A – RMB Hedged Currency Class Units and Class A – RMB Units must be paid in RMB. Subscription monies for Class A – USD Units must be paid in US Dollars.

The Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted. Payment for Units of the Sub-Fund shall be due (i) prior to the close of the Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued. In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Investors should note that for payment by telegraphic or bank transfer in the currency in which the particular class of Units being subscribed for is denominated to be received for value on a particular day, payment must be made for value in Hong Kong at least one (1) Hong Kong business day preceding such day.

Redemption of Units

Units of the relevant class realised on a Dealing Day will be redeemed at a price calculated by reference to the Net Asset Value per Unit of that class of the Sub-Fund as at that Dealing Day, save that:

(a) for Class A – RMB Hedged Currency Class Units of the Sub-Fund, the redemption price of such Units on a Dealing Day (as calculated in accordance with the sub-section headed "Calculation of Issue and Redemption Price" below) will be the Net Asset Value per such Unit in HKD (the base currency of the Sub-Fund) (net of all realized or unrealized gains/losses or expenses arising from the hedging transactions borne by Unitholders of Class A – RMB Hedged Currency Class Units) as at that Dealing Day multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 p.m. (London time) on that Dealing Day, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate;

(b) for Class A – RMB Units of the Sub-Fund, the redemption price of such Units on a Dealing Day (as calculated in accordance with the sub-section headed "Calculation of Issue and Redemption Price" below) will be the Net Asset Value per Class A – HKD Unit of the Sub-Fund as at that Dealing Day multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 p.m. (London time) on that Dealing Day, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate; and

(c) for Class A – USD Units of the Sub-Fund, the redemption price of such Units on a Dealing Day (as calculated in accordance with the sub-section headed "Calculation of Issue and Redemption Price" below) will be the Net Asset Value per Class A – HKD Units of the Sub-Fund as at that Dealing Day multiplied by the foreign exchange rate quoted by WM/Reuters as at 4:00 pm (London time) on that Dealing Day, provided that the Manager may at its discretion determine applying such other foreign exchange rate published by other agency and/or using such other cut-off time for determining the foreign exchange rate.

No Unitholder shall be entitled to realize part only of his holding of Class A – HKD Units, Class A – RMB Hedged Currency Class Units, Class A – RMB Units or Class A – USD Units (as the case may be) of the Sub-Fund if (i) such redemption would result in his holding of Units after redemption being less than HK$10,000 or its equivalent amount in RMB or USD (as the case may be); or (ii) the amount of proceeds realized from Class A – HKD Units, Class A – RMB Hedged Currency Class Units, Class A – RMB Units or Class A – USD Units (as the case may be) of the Sub-Fund is less than HK$10,000 or its equivalent amount in RMB or USD (as the case may be). However, the Manager reserves the right to waive such minimum holding and redemption requirements for any Unitholder.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Applications for redemption of Units may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption proceeds will be paid in the currency in which the particular class of Units of the Sub-Fund being redeemed are denominated. However, in respect of Class A – RMB Hedged Currency Class Units and Class A – RMB Units, due to the exchange controls and restrictions applicable to RMB, the Manager may not be able to get sufficient amounts of RMB in a timely manner to meet redemption requests of this Class of Units if all or a substantial portion of its underlying investments are non-RMB denominated. Therefore, even if the Manager aims to pay redemption proceeds to investors of such classes of Units in RMB, investors may not receive RMB upon redemption of their investments in RMB. There is also a risk that payment of redemption proceeds in RMB may be delayed when there is insufficient RMB for currency conversion for settlement of the redemption proceeds.

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

Calculation of Issue and Redemption Price

The issue and redemption prices of Class A Units of the Sub-Fund will be rounded to the 4th decimal place of the currency of the relevant class of Units (and in the case of 0.00005 or above of the relevant currency of that class of Units, rounded up). Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the relevant class of Units of the Sub-Fund.

Switching involving the Sub-Fund

Switching requests in writing (including by facsimile) involving the Sub-Fund received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Where a switching request is made by facsimile, neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of such switching request. Unitholders should note that unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding and the restrictions on redemption as set out above shall be applicable in the case of switching.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Distribution policy

In relation to the Sub-Fund, the Manager intends to declare distributions to Unitholders on a quarterly basis, by the end of March, June, September and December respectively. The Manager will declare an indicative per annum distribution rate for the relevant class of Units at the beginning of the calendar year and Unitholders will receive written notice regarding such indicative per annum distribution rate. As a whole, distributions paid in that year shall be no less than the indicative per annum distribution rate, any change of such rate will require no less than one (1) month's prior notice to Unitholders.

The Manager will normally make distributions out of net income received or receivable. However, in the event that the net income is insufficient to pay the distributions that it declares, the Manager may also, in its absolute discretion, determine that distributions be paid out of capital, or the Manager may, in its discretion, pay distributions out of the gross income while charging/ paying all or part of the fees and expenses to/ out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Sub-Fund may effectively pay distributions out of capital. This may reduce the capital available for investment in future and may constrain capital growth.

Investors should be aware that in circumstances where distributions are paid out of capital or effectively out of capital, this amounts to a return or withdrawal of part of the amount investors originally invested or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of capital or payment of distributions effectively out of capital (as the case may be) may result in an immediate decrease in the Net Asset Value per Unit of the relevant class.

No distributions will be paid by the relevant class of Units if the capital is insufficient to pay the distributions.

The indicative per annum distribution rate each year may vary and may go up and down. The Manager has the sole and absolute discretion to determine or vary the frequency and dates for distributions.

Investors should note that the distribution amount and/or rate of a particular class of Units may be more than or less than such amount and/or rate of the other class(es) of Units due to various factors, including but not limited to short-term interest rate differentials. Furthermore, the compositions of the distributions of a particular class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) may not be the same as that of the other class(es) of Units.

The compositions of the distributions of the relevant class of Units (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and can be found at the Manager's website (www.boci-pru.com.hk).

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.

Fees and expenses

(i) Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for the Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of the Sub-Fund. The management fee will be deducted from the assets of the relevant class of Units of the Sub-Fund. The current management fee for each of the Class A – HKD Units, the Class A – RMB Hedged Currency Class Units, the Class A – RMB Units and the Class A – USD Units of the Sub-Fund is 1.8% of the Net Asset Value per annum of such class of Units. The maximum management fee for each of the Class A – HKD Units, the Class A – RMB Hedged Currency Class Units, the Class A – RMB Unit and the Class A - USD Units of the Sub-Fund is 2% of the Net Asset Value per annum of such class of Units.

No servicing fee will be levied for Class A Units of the Sub-Fund.

The management fee is calculated and accrues on each Dealing Day and is paid monthly in arrears.

The Manager may decrease the rate of management fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than 3 months notice of such increase to affected Unitholders and the Trustee.

(ii) Initial Charge and Switching Fee

A maximum initial charge of 5% of the issue price may be levied by the Manager for the issue of the relevant class of Units of the Sub-Fund during and after the Initial Period.

The switching fee applicable to switching of Class A Units of the Sub-Fund is as follows:

Applicable to Class A Units	Switching fee *(expressed as a percentage of the issue price of the New Class of Units to be issued)*
Switching of Units	1%* (For switching into a different class (denominated in a different currency) of Class A Units relating to the same Sub-Fund or switching into Class A Units of another Sub-Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum) ("Non-Money Market Sub-Fund")) Nil (For switching into Units of a Money Market Sub-Fund)

*If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

The switching fee shall be deducted from the amount reinvested into the Sub-Fund relating to Units of the New Class and shall be retained by or paid to the Manager for its own absolute use and benefit.

(iii) Fees payable to the Trustee

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value in respect of the relevant class of Units of the Sub-Fund. The current level of Trustee Fee is as follows:

For each of Class A – HKD Units, Class A – RMB Hedged Currency Class Units, Class A – RMB Units and Class A – USD Units

- 0.125% per annum on the first HK$200 million of the Net Asset Value (or its equivalent amount in RMB or USD (as the case may be))
- 0.10% per annum on the next HK$200 million of the Net Asset Value (or its equivalent amount in RMB or USD (as the case may be))
- 0.0875% per annum on the remaining balance of the Net Asset Value

subject to a minimum monthly fee of HK$20,000 on the Sub-Fund.

Inception Fee payable to Trustee: up to HK$30,000.

In addition, the Trustee is entitled to (i) transaction and processing fees in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination; and (iii) such other fees as may be permitted under the Trust Deed.

Please note that the above fees and charges may also be subject to change. For details, please refer to the section headed "Charges and Expenses" on pages 35 to 39 of the Explanatory Memorandum.

(iv) Other charges and expenses

The costs and expenses incurred by the Manager and the Trustee in establishing the Sub-Fund have been fully amortised over the first accounting period of the Sub-Fund after consultation with the auditors. The first accounting period of the Sub-Fund was from the close of its Initial Period to 31 December 2011. Audited accounts shall be sent to Unitholders by the Trustee within four months of the end of each financial year. The first annual report was issued within four months of the end of the Sub-Fund's financial year in 2011, that is, on or before 30 April 2012. Commencing 2011, the Trustee also sends half-yearly unaudited interim reports up to the last Dealing Day in June in each year to Unitholders within two months of the end of the period which they cover. Such reports contain a statement of the value of the net assets of the Sub-Fund and the investments comprising its portfolio.

In addition, other charges and expenses may also be deducted from the Sub-Fund, as set out in the sub-section headed "Other Charges and Expenses" on pages 37 to 38 of the Explanatory Memorandum.

BOCIP ASSET MANAGEMENT
INVESTMENT FUNDS

EXPLANATORY MEMORANDUM

29 December 2022

IMPORTANT INFORMATION FOR INVESTORS

BOCI-Prudential Asset Management Limited (the "**Manager**") accepts full responsibility for the information contained in this Explanatory Memorandum as being accurate at the date of publication and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief, as at the date of publication of this Explanatory Memorandum, there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this Explanatory Memorandum or the latest available Product Key Facts Statements of the sub-funds ("the **Sub-Funds**") under the **BOCIP Asset Management Investment Funds** (the "**Fund**") nor the offer or issue of units in the Fund shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum is correct as of any time subsequent to such date. This Explanatory Memorandum and the Product Key Facts Statements of the Sub-Funds 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 or later Product Key Facts Statements for the Sub-Funds have been issued.

Distribution of this Explanatory Memorandum must be accompanied by a copy of the latest available Product Key Facts Statements of the Sub-Funds, the latest available annual report and accounts of the Fund and any subsequent interim report. Units are offered on the basis only of the information contained in this Explanatory Memorandum, the latest available Product Key Facts Statements of the Sub-Funds, 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 or the latest available Product Key Facts Statements of the Sub-Funds should be regarded as unauthorised and accordingly must not be relied upon.

The Fund and the Sub-Funds have been authorised by the Securities and Futures Commission ("**SFC**") in Hong Kong. SFC authorisation is not a recommendation or endorsement of the Fund or the Sub-Funds, nor does it guarantee the commercial merits of the Fund or the Sub-Funds or their performance. It does not mean the Fund or any of the Sub-Funds 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 (or any Product Key Facts Statement of the Sub-Funds) in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum and the Product Key Facts Statements of the Sub-Funds 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) Units in the Fund 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).

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

(c) Units in the Fund may not, except pursuant to a relevant exemption, be acquired or owned by, or acquired with the assets of an ERISA Plan. An "ERISA Plan" is any retirement plan subject to Title 1 of the United States Employee Retirement Income Securities Act of 1974, as amended; or any individual retirement account plan subject to section 4975 of the United States Internal Revenue Code of 1986, as amended.

The Manager shall have the power to impose such restrictions as the Manager may think necessary for the purpose of ensuring that no Units are acquired or held by an Unqualified Person (as defined in the "Definitions" section on page 4).

US Person restrictions

The Manager has determined that a US Person for FATCA purpose (as defined below) is not permitted to own Units.

What is Foreign Account Tax Compliance Act (FATCA)?

FATCA was enacted by the US in March 2010 aiming to combat tax evasion by US taxpayers. The intention of FATCA is to require Foreign Financial Institutions to report details of US Unitholders holding assets to the US

Internal Revenue Services (the "IRS"), as a safeguard against US tax evasion. The regulations will become effective in phases commencing 1 July 2014. To discourage “Foreign Financial Institutions” (“FFIs”) from choosing to remain outside of the regulations, on or after 1 July 2014, a FFI that does not enter the relevant agreement and comply with the FATCA regulations will be subject to a US tax withholding of 30% on their income from US investments and on their gross proceeds from US investments and also potentially revenues from other non-US investments (“FATCA Withholding”). Through Notice 2015-66, the Department of Treasury and the IRS announced their intention to amend the regulations under chapter 4 (section 1473) to extend the start date of withholding on gross proceeds from 1 January 2017 to 1 January 2019, and to amend the regulations under chapter 4 (section 1471) to extend the start date of withholding of foreign passthru payment to provide that a participating FFI will not be required to withhold on a foreign passthru payment before the later of 1 January 2019 or the date of publication in the Federal Register of final regulations defining the term “foreign passthru payment”.

Each and every Sub-Fund is a Registered Deemed Compliant FFI and therefore falls within the scope of the FATCA regulations. In order to protect Unitholders from the effect of any penalty withholding, it is the intention of all the Sub-Funds to be compliant with the FATCA regulations.

Intergovernmental Agreement ("IGA")

On 13 November 2014, the Hong Kong Government and US signed a Model 2 Intergovernmental Agreement (“IGA”) for implementation of the FATCA. The Sub-Funds intend to take any measures that may be required to ensure compliance under the terms of the IGA and local implementing regulations.

Under the terms of the IGA the Sub-Funds will be obliged to comply with the provisions of FATCA and abide by the requirements provided in the FFI agreement.

In order to comply with their FATCA obligations, the Sub-Funds will be required to obtain certain information from their Unitholders so as to ascertain the US tax status of the Unitholders. If the Unitholder is a specified US person, US owned non-US entity, non-participating FFI (“NPFFI”) or does not provide the requisite documentation, the Sub-Funds may need to report information on these Unitholders to the appropriate tax authority, as far as legally permitted.

Other intergovernmental agreements similar to the IGA have been entered into or are under discussion by other jurisdictions with the United States. Unitholders holding investments via distributors or custodians that are not in Hong Kong or another IGA country/region should check with such distributor or custodian as to the distributor’s or custodian’s intention to comply with FATCA.

Additional information may be required by the Sub-Funds, the Custodian or any other service provider from certain Unitholders in order to comply with their necessary obligations under FATCA or under an applicable IGA. The scope and application of FATCA withholding and information reporting pursuant to the terms of FATCA and the IGAs is subject to review by the US, Hong Kong and other IGA governments, and the rules may change. Unitholders should contact their own tax advisers regarding the application of FATCA to their particular circumstances. For further information of FATCA you can visit the US IRS website at www.irs.gov/FATCA.

For this purpose, a “**US Person**” (“**US Person for FATCA purpose**”) is defined as follows:

1. An individual who is a citizen of the US or a resident alien for US federal income tax purposes. In general, the term “resident alien” is defined for this purpose to include any individual who (i) holds an Alien Registration Card (a “green card”) issued by the US Citizenship and Immigration Service or (ii) meets a “substantial presence” test. The “substantial presence” test is generally met with respect to any calendar year if (a) the individual was present in the US on at least 31 days during such year and (b) the sum of the number of days in which such individual was present in the US during such year, 1/3 of the number of such days during the first preceding year, and 1/6 of the number of such days during the second preceding year, equals or exceeds 183 days; or

2. A corporation, an entity taxable as a corporation or a partnership created or organized in or under the laws of the US or any state or political subdivision thereof or therein, including the District of Columbia (other than a partnership that is not treated as a US person under Treasury Regulations); or

3. An estate the income of which is subject to US federal income tax regardless of the source thereof; or

4. A trust with respect to which a court within the US is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on 20 August 1996 and were treated as domestic trusts on 19 August 1996; or

5. A Passive Non-Financial Foreign Entity (“Passive NFFE”) with “substantial US owner(s)” that are “Specified US Person(s)” (within the meaning of Treasury Regulations under the FATCA as set forth in

Sections 1471 through 1474 of the US Internal Revenue Code ("IRC")), where the country/region in which the relevant entity is formed or resident has not signed an IGA. A Passive NFFE is generally a non-US and non-financial institution entity that is neither a "publicly traded corporation" nor an "active NFFE" (within the meaning of Treasury Regulations under FATCA). A substantial US owner is generally a US Person (as described above under paragraphs 1 through 4) that owns, directly or indirectly, a more-than-10 percent interest in the Passive NFFE; however there are generally a number of exemptions with specified requirements including, but not limited to, the following types of entities: i) a regularly traded corporation on an established securities market or an affiliate; ii) an organization exempt from US tax under IRC Section 501(a); iii) an IRC Section 581 US bank; and iv) an IRC Section 851 regulated investment company; or

6. A "Non-U.S. Entity" with one or more "Controlling Persons" (within the meaning of an applicable IGA) that is a US Person (as described above under paragraph 1).

All parties meeting the above definition of US Person should note the requirements of FATCA. If Unitholders are in any doubt as to their status, they should consult their financial or other professional adviser.

If, subsequent to a Unitholder's investment, the Unitholder becomes the aforementioned US Person or Unqualified Person, such Unitholder (i) will be restricted from making any additional subscriptions and (ii) as soon as practicable have its Units compulsorily redeemed (subject to the requirements of applicable law).

It should be noted that the Sub-Funds may exercise their right to:

(a) completely redeem the holding of an affected Unitholder (at any time upon any or no notice) ; or

(b) reject the investors' application; or

(c) withhold on amounts otherwise distributable to the investor; or

(d) compel the Unitholders to sell their interest

if they fail to provide the Sub-Funds with the necessary information upon request to satisfy relevant requirements under any applicable local or foreign laws and regulations issued by regulatory or governmental authorities of relevant jurisdiction, including but not limited to FATCA obligations.

To comply with FATCA, the Sub-Funds may need to disclose the name, address, taxpayer identification number and investment information relating to certain US investors who are US Persons that own, directly or indirectly, an interest in certain entities, as well as certain other information relating to such interest, to the US Internal Revenue Service (IRS).

The extent to which the Sub-Funds are able to report to the US IRS will depend on each affected Unitholder in the Sub-Funds providing the Sub-Funds or their delegate with any information and consent that the Sub-Funds determine is necessary to satisfy such obligations.

Investors should not treat the contents of this Explanatory Memorandum as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers in advance of any acquisition, holding or disposal of units. Potential applicants for units in the Fund 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 in the Fund.

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance 2016 (the "Amendment Ordinance") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires reporting financial institutions ("Reporting FIs") in Hong Kong (such as the Sub-Funds) to collect information relating to non-Hong Kong tax residents holding accounts with Hong Kong based financial institutions ("FIs"), and ultimately via the Hong Kong Inland Revenue Department ("IRD"), and exchange such information with the jurisdiction(s) in which that account holder is a resident for tax purpose. Further information regarding AEOI is available on the website of the IRD (http://www.ird.gov.hk/eng/tax/dta_aeoi.htm).

Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("CAA"); however, the Sub-Funds and/or the Manager, the Trustee and their associated or affiliated companies, connected persons, delegates, contractors, authorised agents or service providers (collectively, the "Relevant Agents") may further collect information on the tax residence of account holders (irrespective of whether or not that account holder is a reportable person) of other jurisdictions (in which a person is tax resident irrespective of whether that territory is a reportable jurisdiction).

The Sub-Funds are required to comply with the requirements of AEOI as implemented by Hong Kong, which means that the Sub-Funds and/or the Relevant Agents shall collect and provide to the IRD tax information relating to the Unitholders and prospective investors.

The AEOI rules as implemented by Hong Kong require the Sub-Funds to, amongst other things: (i) register the Sub-Funds' status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e. the Unitholders) to identify whether any such accounts are considered "Reportable Accounts" for AEOI purposes; and (iii) report to the IRD information on such Reportable Accounts. The IRD is expected on an annual basis commencing from the year 2018 to transmit the information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a CAA. Broadly, AEOI contemplates that Hong Kong Reporting FIs should report on: (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has signed a CAA; and (ii) certain entities controlled by individuals who are tax resident in such other jurisdiction. Under the Amendment Ordinance, details of the Unitholders, including but not limited to their name, date of birth, place of birth, address, jurisdiction of residence, Taxpayers Identification Number ("TIN") 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.

By investing in the Sub-Funds and/or continuing to invest in the Sub-Funds, the Unitholders acknowledge that they may be required to provide additional information to the Sub-Funds and/or the Relevant Agents in order for the Sub-Funds to comply with AEOI. The Unitholder's information (and information pertaining to Controlling Persons of a unitholder, as defined in the Amendment Ordinance), 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 and/or the Relevant Agents of the Fund taking any action and/or pursue remedies at their disposal including, without limitation, reporting the relevant account information of the unitholder pursuant to the AEOI rules and/or not accepting the subscription from the prospective investor.

For the purposes herein, "AEOI" includes:

(a) the Organization for Economic Co-operation and Development ("OECD") Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard (the "CRS") and any associated guidance;

(b) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between the Hong Kong government (or any government body in Hong Kong) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in (a) above; and

(c) any legislation, regulations or guidance in Hong Kong that give effect to the matters outlined in (a) to (b) above.

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 relevant classes.

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

Personal Data or Confidential Information

(1) Personal Data or Confidential Information (including information necessary to ascertain tax status, information for reporting of tax withholding and details of transaction) provided by a Unitholder (in any form or certification or otherwise) will be used, shared, stored, processed, transferred and disclosed (within or outside Hong Kong) so that the Relevant Agents can carry out their obligations in respect of the Fund and/or the Sub-Funds or for other purposes including but not limited to (a) processing the subscription, redemption and switching of Units in the Sub-Funds, completing the information on the Register of Unitholders, carrying out instructions or responding to Unitholders' enquiries, verifying data and providing administrative or other relevant services to the Unitholders (including the mailing of reports, notices or newsletters); (b) in compliance with any applicable law, regulation, statute, ordinance, rule, judgment, decree, code, guidelines, directive, circulars, sanctions regime, court order issued by other regulatory authorities of relevant jurisdiction, exchange or market, whether legal, regulatory, governmental, tax, law enforcement, self-regulatory, industry or others which apply in respect of the Fund and/or the Sub-Funds or the Unitholders' investments and/or bind or apply to the Relevant Agents from time to time or any agreement with any tax or fiscal authority in any jurisdiction and meeting any demands, disclosure, notification or reporting requirements to which any recipient of the data is subject under the applicable laws and regulations, including but not limited to compliance with obligations pursuant to the FATCA, verifying the identity of a Unitholder or establishing whether a Unitholder is a

US Person for the purposes of FATCA and compliance with reporting or other obligations under the IRC and the United States Treasury Regulations promulgated under the IRC or any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction (including under AEOI), including reporting obligations that may be imposed by future legislation (collectively, the "Regulatory Requirements"); (c) prevention, detection, sanction or investigation of crime, fraud, money laundering, corruption, tax evasion, terrorist financing and any other violation of laws or unlawful activities and fulfilling related Regulatory Requirements; (d) enforcing or defending the rights of the Fund and/or the Sub-Funds and/or the Relevant Agents; (e) fulfilling internal operational or compliance requirements of the Relevant Agents; and (f) maintenance or continuation of overall relationship with the Unitholder.

(2) Failure to provide information may result in the Manager or the Trustee being unable to open/ maintain an account or provide/ continue to provide services to the Unitholder or taking appropriate action or reporting to the relevant authorities.

(3) Unitholder has the right to request access to and correction of any personal data or to request the personal data not to be used for direct marketing purposes. Collection and use of personal data will be subject to the terms of the Personal Data (Privacy) Ordinance of Hong Kong.

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PARTIES

Manager
BOCI-Prudential Asset Management Limited
27/F., Bank of China Tower
1 Garden Road
Central
Hong Kong

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

Auditor
Ernst & Young
27/F., One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Directors of the Manager
Wang Zhongze
Tse Yung Hoi
Lee Yui Leung
Yeo Whay Nee
Lim Wendy Hwee Ching

DEFINITIONS

"associate"	in relation to a body corporate, means an associated company as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended)
"Business Day"	a day on which banks in Hong Kong are open for normal banking business (excluding Saturdays) or such other day or days as the Manager and the Trustee may agree from time to time, either generally or in relation to a particular Sub-Fund provided that if on any such day, the period during which banks in Hong Kong are open is reduced as a result of a Typhoon Signal Number 8 or above, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree
"Collective Investment Scheme" or "CIS"	means collective investment schemes commonly regarded as mutual funds (whether they appear in the legal forms of contractual model, companies with variable capital or otherwise) and unit trusts as are contemplated in the UTMF Code
"connected person"	has the meaning given to it under the UTMF Code
"CSDCC"	China Securities Depository and Clearing Corporation
"**Currency Hedged Class(es)**"	means a class of Units of the Sub-Fund that are denominated in a currency other than the base currency of the Sub-Fund and in respect of which the Manager will, on a best efforts basis, use hedging techniques to attempt to hedge the currency exchange risk of the currency of the Currency Hedged Class against the base currency of the Sub-Fund
"Dealing Day"	each Business Day or such Business Day or Business Days as the Manager may from time to time, with the approval of the Trustee, determine either generally or for a particular class or classes of Units, provided that if any commodities and securities markets on which all or part of the investments of any Sub-Fund are quoted, listed or dealt in are on any day not open for trading, the Manager may determine that such day shall not be a Dealing Day in relation to such Sub-Fund, and provided always that the Trustee and the Manager may adopt such other definition of "Dealing Day" for a particular Sub-Fund under the relevant notice of establishment of such Sub-Fund
"Fund"	BOCIP Asset Management Investment Funds
"HK$", "HKD" and **"HK dollars"**	the lawful currency of Hong Kong
"HKEx"	Hong Kong Exchanges and Clearing Limited
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Manager"	BOCI-Prudential Asset Management Limited
"Money Market Sub- Fund(s)"	BOCIP HK Dollar Money Market Fund and other money market funds that have been or to be launched by the Manager under Chapter 8.2 of the UTMF Code
"**PRC**"	the People's Republic of China
"Renminbi" or **"RMB"**	offshore Renminbi ("CNH") or onshore Renminbi ("CNY") (as the case may be)
"SEHK"	The Stock Exchange of Hong Kong Limited
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai-Hong Kong Stock Connect"	means the securities trading and clearing linked program with an aim to achieve mutual stock market access between Mainland China and Hong Kong developed by SEHK, SSE, CSDCC and HKSCC, pursuant to the

	relevant PRC and Hong Kong regulations (as amended from time to time). Under the Northbound Trading Link of Shanghai-Hong Kong Stock Connect, investors, through their appointed Hong Kong brokers and a securities trading service company to be established by SEHK in Shanghai, may be able to trade SSE Securities by routing orders to SSE. Further information about Shanghai-Hong Kong Stock Connect is available online at the website: http://www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en
"Shenzhen-Hong Kong Stock Connect"	means the securities trading and clearing linked program with an aim to achieve mutual stock market access between Mainland China and Hong Kong established by SEHK, SZSE, CSDCC and HKSCC, pursuant to the relevant PRC and Hong Kong regulations (as amended from time to time). Under the Northbound Trading Link of Shenzhen-Hong Kong Stock Connect, investors, through their appointed Hong Kong brokers and a securities trading service company to be established by SEHK in Shenzhen, may be able to trade SZSE Securities by routing orders to SZSE. Further information about Shenzhen-Hong Kong Stock Connect is available online at the website: http://www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en
"SSE"	Shanghai Stock Exchange
"SSE Securities"	mean certain eligible shares listed on the SSE that are eligible for investment by Hong Kong and overseas investors via Shanghai-Hong Kong Stock Connect by routing orders to SSE. Currently, such eligible shares include all the constituent stocks from time to time of the SSE 180 Index and the SSE 380 Index, and all the SSE-listed A shares that are not included as constituent stocks of the relevant indices but which have corresponding H shares listed on SEHK, except the following: (a) SSE-listed shares which are not traded in RMB; and (b) SSE-listed shares which are under risk alert. Latest information about SSE Securities is available at the website: http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/Eligiblestock.htm
"Sub-Fund"	a separate pool of assets of the Fund, which is invested and administered separately from other assets of the Fund
"SZSE"	Shenzhen Stock Exchange
"SZSE Securities"	mean certain eligible shares listed on SZSE that are eligible for investment by Hong Kong and overseas investors via Shenzhen-Hong Kong Stock Connect by routing orders to SZSE. Currently, such eligible shares include all the constituent stocks from time to time of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalization of not less than RMB 6 billion, and all the SZSE-listed A shares which have corresponding H shares listed on SEHK, except the following: (a) SZSE-listed shares which are not traded in RMB; and (b) SZSE-listed shares which are under risk alert or under delisting arrangement. Latest information about SZSE Securities is available at the website: http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/Eligiblestock.htm
"Trust Deed"	the trust deed dated 31 March 2010 establishing the Fund, as may be amended, modified or supplemented from time to time
"Trustee"	BOCI-Prudential Trustee Limited or such other person (or persons) who for the time being is duly appointed to be trustee (or trustees) of the Fund and the Sub-Funds thereunder
"Unit"	means such number of undivided shares or such fraction of an undivided share of the Sub-Fund to which a Unit relates as is represented by a Unit of the relevant class, and except where used in relation to a particular class of Unit, a reference to Units means and includes Units of all classes. The number of undivided shares represented by each class of Units in a Sub-Fund is adjusted to take account of the different levels of fees borne by each class

"Unitholder"	a registered holder of Units
"Unqualified Person"	means: (a) a person who by virtue of any law or requirement of any country/region or governmental authority is not qualified to hold a Unit or who would be in breach of any such law or regulation in acquiring or holding a Unit or if, in the opinion of the Manager, the holding of a Unit by such person might result in the Fund incurring any liability to taxation or suffering a pecuniary disadvantage which the Fund might not otherwise have incurred or suffered, or might result in the Fund, the Manager or the Trustee or any of their Connected Persons being exposed to any liability, penalty or regulatory action; or (b) any person if the holding of a Unit by such person might, due to any circumstances whether directly affecting such person and whether relating to such person alone or to any other person in conjunction therewith (whether such persons are connected or not), in the opinion of the Manager, result in the Fund incurring any liability to taxation or suffering a pecuniary disadvantage which the Fund might not otherwise have incurred or suffered, or in the Fund, the Manager or the Trustee or any of their connected persons being exposed to any liability, penalty or regulatory action.
"UTMF Code"	the SFC's Code on Unit Trusts and Mutual Funds, as amended from time to time

INTRODUCTION

BOCIP Asset Management Investment Funds is a unit trust established by a trust deed dated 31 March 2010, as may be amended, modified or supplemented from time to time with BOCI-Prudential Asset Management Limited as the manager and BOCI-Prudential Trustee Limited as the trustee of the Fund. It is established under and governed by the laws of Hong Kong.

The Fund is an umbrella fund under which BOCIP HK Dollar Money Market Fund was initially launched.

Only Class A Units are available currently in relation to each Sub-Fund. The Manager may in future launch other new Sub-Funds or determine to issue additional classes of Units in relation to each Sub-Fund.

INVESTMENT OBJECTIVES AND POLICIES

Each Sub-Fund has a separate and distinct investment objective and policy, as described below.

BOCIP HK Dollar Money Market Fund

The BOCIP HK Dollar Money Market Fund is a feeder fund which invests 90% or more of its total Net Asset Value in an underlying fund (the "master fund") selected by the Manager from time to time.

Currently, the Manager has selected the BOCHK HK Dollar Money Market Fund, a sub-fund established under the BOCHK Investment Funds, as the master fund for BOCIP HK Dollar Money Market Fund. The BOCHK Investment Funds is a unit trust established by a trust deed dated 28 June 2002 (as amended, modified or supplemented from time to time) with Bank of China (Hong Kong) Limited as the sponsor, BOCI-Prudential Asset Management Limited as the manager and BOCI-Prudential Trustee Limited as the trustee of the BOCHK Investment Funds. It is established under and governed by the laws of Hong Kong and has been authorized by the SFC.

The investment objective of the Sub-Fund is to seek to provide an investment vehicle, through investing in the master fund, to enjoy the higher rates available from a managed portfolio of short-term and high quality money market investments combined with a high degree of security and ready availability of monies and to seek to offer returns in line with money market rates.

The current master fund, BOCHK HK Dollar Money Market Fund, will invest at least 70% of the its Net Asset Value in a range of short-term deposits, and high quality money market instruments issued locally or overseas by governments, quasi-governments, international organisations, financial institutions or other corporations and money market funds that are authorized by the SFC under Chapter 8.2 of the UTMF Code or regulated in other jurisdiction(s) in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

Investments will be limited to HK dollar denominated securities. The master fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will 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 short-term deposits and high quality money market instruments that the master fund invests in may include but are not limited to government bills, certificates of deposit, commercial papers, fixed and floating rate short-term notes and bankers' acceptances. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments will be taken into account.

The master fund may invest not more than 30% of its Net Asset Value in debt instruments with loss-absorption features (LAP) including (i) non-preferred senior debt instruments or external LAC debt instruments or total loss-absorbing capacity debt instruments (TLAC) or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

Currently, the Manager has no intention to enter into securities lending transactions, repurchase agreements, reverse repurchase agreements or similar over-the-counter ("OTC") transactions on behalf of the Sub-Fund. The Sub-Fund may by giving to the Unitholders no less than one (1) month's prior written notice (or such shorter period of notice as the SFC may approve or allow) engage in securities lending transactions, repurchase agreements, reverse repurchase agreements or similar OTC transactions on behalf of the Sub-Fund.

Investors should note that the purchase of a Unit in the BOCIP HK Dollar Money Market Fund is not the same as placing funds on deposit with a bank or deposit-taking company, that the Manager has no obligation to redeem Units at its issue price and the Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.

The Manager may, subject to the approval of the SFC, change the master fund by giving three months' prior written notice (or such shorter period of notice as the SFC may approve or allow) to the Unitholders of the Sub-Fund.

Subject to the approval of the SFC (where necessary), the Manager may change the investment policy of any Sub-Fund by giving one month's prior written notice (or such shorter period of notice as the SFC may approve or allow) to the Unitholders of the Sub-Fund.

RISK FACTORS AND RISK MANAGEMENT POLICIES

Risk Factors

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. The performance of the Sub-Funds may be affected by a number of risk factors, including the following:

(a) General investment risk

The Sub-Funds' investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Funds may suffer losses. There is no guarantee in respect of repayment of principal.

(b) Political, economic and social risks

Changes in political, economic and social conditions in any country/region in which the Sub-Funds may invest could adversely affect the value of investments.

The value of a Sub-Fund's investments and/or operations of a Sub-Fund may be affected by uncertainties such as international political developments, implement of/changes in government actions/orders/policies/governmental intervention, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Such actions/orders/policies may be implemented with or without prior notice and may be unprecedented, and may affect the efficient functioning of the fund operators or market participants' ability to continue with their normal transactions or continue to implement certain strategies or manage the risk of their outstanding positions.

(c) Interest rate risk

As the Sub-Funds may invest in securities whose value is driven significantly by changes in interest rates, the Sub-Funds are subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.

(d) Market risk

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Options, warrants and derivatives in the Sub-Fund(s) may also expose the Sub-Fund(s) significantly to the fluctuations in the market. Market movement may therefore result in substantial fluctuation in the Net Asset Value per Unit of the Sub-Fund(s).

(e) Emerging market risk

The Sub-Funds may invest in emerging markets. Investing in emerging markets 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. Factors to be considered include the possibility of nationalization, expropriation, government control and intervention, smaller capital market and price volatility. All these may have an adverse impact on the performance of the Sub-Funds.

(f) Risk relating to accounting standards and disclosure

The Sub-Fund(s) may invest in emerging markets. The accounting, auditing and financial reporting standards in some of these markets are normally less stringent than international requirements. Investment decisions may be required to be made on less complete information than is customarily available.

(g) Valuation risk

Valuation of the Sub-Funds' investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of the Sub-Funds. The value of debt securities/fixed income instruments may be affected by changing market conditions or other significant market events affecting valuation. For example, in the event of downgrading of an issuer, the value of the relevant debt instruments/fixed income instruments may decline rapidly.

(h) Currency risk

Underlying investments of the Sub-Funds may be denominated in currencies other than the base currency of the Sub-Funds. Also, a class of Units may be designated in a currency other than the base currency of the Sub-Funds. The Net Asset Value of the Sub-Funds may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

Also, investors who wish to receive redemption proceeds in a currency other than Hong Kong dollars will have to convert (whether through Manager or otherwise) the proceeds to such other currency. In so doing, the investors will again be subject to the exchange rate risk and the costs of the currency conversion.

(i) Foreign exchange risk

The Sub-Funds may invest in currencies other than Hong Kong dollars which may be subject to exchange rate fluctuations with a consequential reduction in the Hong Kong dollar value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may have an adverse impact on Sub-Fund's performance.

(j) Securities risk

Each company has its unique factors affecting the value of its securities. These factors include the company's management capability, capital structure, liquidity position, product composition and others.

(k) Equity market risk

A Sub-Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

Investing in equity securities may be associated with higher risks because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies.

(l) Credit risk

A Sub-Fund is subject to the credit risk of debt securities or financial instruments that it may invest in. If the issuer of any of the debt securities or financial instruments in which a Sub Fund's assets are invested defaults, the performance of the Sub Fund will be adversely affected.

(m) Counterparty risk

A Sub-Fund is subject to the counterparty risk of debt securities or financial instruments that it may invest in. An issuer or guarantor of a security or a counterparty to a debt security or financial instrument may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations which may affect the value of the investments or the amount that Sub-Fund may receive from the debt securities or financial instruments. Changes in a debt issuer's credit rating may affect a debt security or financial instrument's value and may have an impact on the Sub-Fund's performance. If a counterparty becomes bankrupt, the value of investment in the Sub-Fund may decline and the Sub-Fund may experience significant delays in obtaining any recovery in a bankruptcy or other proceedings or may obtain only limited recovery or may obtain no recovery in some circumstances.

(n) Credit rating 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 ratings assigned by credit rating agencies are a generally accepted barometer of credit risk of a fixed income security. They are, however, subject to certain limitations. For example, the rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is often a time lag in updating the credit ratings in response to recent credit events.

(o) Downgrading risk

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. The Sub-Fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk.

(p) Risk associated with debt securities rated below investment grade or unrated debt securities

A Sub-Fund may invest in debt securities rated below investment grade (in the case where the credit rating is designated/assigned by an internationally recognised credit agency) or rated BB+ or below by a Mainland credit rating agency (in the case the credit rating is designated/assigned by a PRC credit rating agency) or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities. For the purpose of a Sub-Fund, "unrated bond" is defined as a bond which neither the bond itself nor its issuer has a credit rating.

(q) Sovereign debt risk

A 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.

(r) Derivative instruments risk

The Sub-Funds may use derivatives for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the Sub-Funds' volatility.

The use of derivatives may expose the Sub-Funds to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation, settlement and over-the-counter transaction risks which can have an adverse effect on the Net Asset Value of the Sub-Funds.

Derivative instruments may involve an embedded leverage. This is because such instruments provide extensively greater market exposure than the money paid or deposited when the transaction is entered into, so a relatively small adverse market change could expose the Sub-Funds to the possibility of a loss exceeding the capital originally invested. The Sub-Funds may suffer losses if the issuers or counterparties of the derivative instruments default in their obligations.

Derivatives are also subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index.

In adverse situation, the Sub-Funds' use of derivatives may become ineffective in hedging and the Sub-Funds may suffer significant losses. If derivatives used for hedging purposes are not successful, losses may be incurred to the Sub-Funds and the Sub-Funds' returns may be reduced due to the hedging costs incurred.

The Sub-Funds may use derivatives as one of their investment strategies. Derivatives for non-hedging purposes may increase the potential losses of the Sub-Funds and can result in a loss significantly greater than the amount invested in the derivatives by the Sub-Funds. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Funds.

(s) Concentration or single country/ region risk

A Sub-Fund may focus its investments on one single country/region or on investment instruments that are related to the economic growth or development of a country/region. The value of such Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. 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 market in that country or region.

Where a Sub-Fund has investments that are concentrated in specific industry sector(s) or instrument(s), the value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

(t) Political or sovereign risk

Investors should note that investment closely related to a particular country/region may be subject to the political or sovereign risks. This may include any act of war, terrorism, riot, insurrection in the country/region, the imposition of any investment, repatriation or exchange control restrictions by the government authority, the confiscation, expropriation or nationalization of any property by the government authority. Any economic downturn may adversely affect the investment sentiment and domestic economy of the country/region and affect the value of related investments. Devaluation or revaluation of the local currency, sovereign government's own capacity to repay external debt or any other political or economic risks incurred or experienced by a country/region may adversely affect the value of related investments.

(u) Liquidity risk

Liquidity risk exists when particular investments are difficult to purchase or sell. Investments made by the Sub-Funds may become illiquid or less liquid in response to market developments or adverse investor perceptions. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and more difficult to value and be disposed at their face values. 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 also be illiquid due to limited trading markets or contractual restrictions on their resale. The Sub-Funds are exposed to the risk that a particular investment or position cannot be unwound or offset easily.

If sizeable redemption requests are received, the relevant Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the relevant Sub-Fund may suffer losses in trading such investments. As a result, this may have adverse impact on the relevant Sub-Fund and its investors.

(v) Pricing adjustments risk

Subscription, redemption or switching of Units in the Sub-Funds may have a dilution effect on the Sub-Funds. In order to mitigate such dilution effect and account for the costs of buying and selling underlying investments conducted by the Manager, swing pricing strategy and mechanism may be adopted by the Manager from time to time to safeguard the best interests of the Unitholders. Depending on the net cash flow of subscription and redemption amounts, investors may subscribe at a higher issue price or redeem at a lower redemption price. Investors should note that the occurrence of circumstances which may trigger the application of swing pricing is not predictable. It is not possible to accurately predict how frequent swing pricing will be applied. Adjustments made pursuant to swing pricing may be greater than or less than the actual costs of buying or selling underlying investments. Investors should also be aware that swing pricing may not always, or fully, counter the dilution effect on the Sub-Funds.

(w) Potential conflicts of interest

The Sub-Funds may invest in exchange traded funds ("ETFs") and/or SFC authorised collective investment schemes ("CISs") managed by the Manager and this may give rise to potential conflicts of interests. All initial charges (if any) on the underlying ETFs and/or CISs must be waived. The Manager may not obtain a rebate on any fees or charges levied by such underlying ETFs and/or CISs.

Also, the Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the Manager of the Sub-Funds. Furthermore, the Manager and the Trustee are affiliated. Situation may arise where there are conflicts of interest between such entities. If such conflict arises, each of the Manager and the Trustee will have regard in such event to its obligations to the Sub-Funds and will endeavour to ensure that such conflicts are resolved fairly.

For information relating to conflicts of interest, please refer to the sub-heading "Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions" under the section headed "Charges and Expenses" on pages 38 to 39 of the Explanatory Memorandum.

(x) Early termination risk

The Sub-Funds may be terminated for a number of reasons. These may include (i) the SFC withdrawing its authorisation of the Sub-Funds; (ii) if any law is passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Sub-Funds; (iii) the retirement or removal of the Manager where no replacement manager can be found which is acceptable; (iv) the retirement or removal of the Trustee where no replacement trustee can be found which is acceptable; (v) at any time one (1) year after the establishment of a Sub-Fund the Net Asset Value of that Sub-Fund falls below HK$40,000,000; or (vi) in other circumstances described in this Explanatory Memorandum. If a Sub-Fund is terminated for whatever reason, it may suffer declines in its Net Asset Value. Accordingly, investors may not receive an amount upon termination equal to their capital originally invested in the Units.

(y) Tax risk

Dividends and certain interests or other income paid to the Sub-Funds may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the Sub-Funds' performance and distributions (if applicable) that the Unitholders may receive from the Sub-Funds.

(z) Risks relating to obligations to comply with AEOI

The Unitholders shall be required to, (i) upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Sub-Funds to satisfy reporting or other obligations under AEOI or to satisfy any obligations relating to any applicable laws and regulations or any agreements with any tax or fiscal authority in any jurisdictions, (ii) update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) otherwise comply with any reporting obligations imposed under AEOI, including reporting obligations that may be imposed by future legislation. The information provided by the Unitholders may be transmitted by the IRD to authorities in other jurisdictions.

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 Sub-Funds.

(aa) Risks relating to obligations under FATCA regulations

The Unitholders shall be required to, (i) upon demand by the Trustee or the Manager provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Sub-Funds (A) to prevent withholding (including, without limitation, any withholding taxes required under FATCA regime as more particularly described in paragraph (aa) below) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which Sub-Funds receive payments, and/or (B) to satisfy reporting or other obligations under the IRC and the United States Treasury Regulations promulgated under the IRC, or to satisfy any obligations relating to any applicable laws and regulations or any agreements with any tax or fiscal authority in any jurisdictions, (ii) update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) otherwise comply with any reporting obligations imposed under the FATCA regulations.

The Sub-Funds will endeavour to satisfy any obligations imposed under the FATCA regulations so as to avoid the imposition of FATCA withholding, however, no assurances can be given that the Sub-Funds will be able to satisfy those obligations. If any Sub-Funds becomes subject to FATCA withholding, the value of the Units held by the Unitholders may suffer material losses.

If the Unitholder or an intermediary through which it holds interest in the Sub-Funds fails to provide the Sub-Funds, its agents or authorised representatives with complete and accurate information that may be required by the Sub-Funds to comply with FATCA, the Unitholder may be subject to withholding on amounts otherwise distributable to the Unitholder, may be compelled to sell his interest in the Sub-Funds, or in certain situations, the Unitholders' interest in the Sub-Funds may be sold involuntarily (provided that the Sub-Funds observe applicable laws and regulations, act in good faith and on reasonable grounds).

In cases where Unitholders invest in the Sub-Funds through an intermediary, Unitholders are reminded to check whether such intermediary is FATCA compliant. If Unitholders are in any doubt, they should consult their tax advisor, stockbroker, bank manager, solicitor, accountant and other financial adviser regarding the possible implications of FATCA on the Unitholders and the Sub-Funds.

Unitholders, and intermediaries acting for Unitholders, should therefore take note that if they meet the definition of US Person then they will need to declare this to any Sub-Funds and submit any mandatory documentation.

(bb) Withholding tax risk under FATCA regime

Investors should note that (i) the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market including taxation levied by withholding at source and/or (ii) the Sub-Funds' investments may be subject to specific taxes or charges imposed by authorities in some markets. The FATCA rules generally impose a 30% withholding tax on (a) certain US source payments (including interest and dividends) and gross proceeds from the sale or other disposition of property that can produce US source interest or dividends (such as bonds or shares issued by a US issuer) ("withholdable payments"), and (b) "foreign passthru payments" (generally, payments that are attributable to withholdable payments) made by certain non-US entities (collectively referred to as "passthru payments"). Under the FATCA rules, if the Sub-Funds do not or cannot report to the IRS information regarding US Person that indirectly hold interests in the Sub-Funds, and to comply with certain other reporting, verification, due diligence and other requirements, the Sub-Funds generally would be subject to 30% withholding tax on passthru payments received by the Sub-Funds, which would reduce the Sub-Funds' value. Although the Sub-Funds will attempt to satisfy any obligations imposed on it to avoid the imposition of the FATCA withholding tax, no assurance can be given that the Sub-Funds will be able to satisfy these obligations. If the Sub-Funds become subject to a withholding tax as a result of the FATCA regime, the value of the Units held by Unitholders may suffer material losses.

Even if the Sub-Funds are able to comply with the requirements under the FATCA rules, Unitholders that fail to comply with information requests (including information requests from certain non-US entities through which payments from the Sub-Funds may be made) or otherwise comply with the requirements of the FATCA rules may be subject to a 30% withholding tax on passthru payments made by the Sub-Funds. Additionally, the Sub-Funds may be required to withhold tax on passthru payments made by the Sub-Funds to certain non-US entities (for example, a Unitholder's Hong Kong investment dealer) that are not in compliance with the FATCA rules, including certain non-US financial institutions through which distributions on the Units may be made.

The imposition of the 30% withholding tax under the FATCA rules could result in materially reduced investment returns for the Unitholders, including in circumstances where the withholding tax is imposed on passthru payments received by the Sub-Funds from the portfolio. The administrative costs arising from compliance with the FATCA rules may also cause an increase in the operating expenses of the Sub-Funds, thereby further reducing returns to Unitholders.

Unitholders should consult their independent tax advisor regarding the potential effect of the FATCA rules to an investment in the Sub-Funds.

(cc) Custody risk

Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by a Sub-Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

Investors should also note the following risk factors with respect to a Sub-Fund which has Currency Hedged Class(es) of Units or class(es) of Units denominated in a currency other than the base currency of the Sub-Fund:

(a) Risk relating to those class(es) of Units denominated in a currency other than the Base Currency

The Sub-Fund will be exposed to foreign exchange risk because (i) those class(es) of Units can be subscribed and redeemed in a currency other than the base currency of the Sub-Fund; or (ii) the class currency of the Units may be different from the Sub-Fund's base currency, the currencies of which the Sub-Fund's assets are invested and/or investors' base currencies of investment.

The performance of a Sub-Fund may be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency of such Sub-Fund or the relevant class currency. The Net Asset Value of such Sub-Fund may also be affected unfavourably by changes in exchange rate controls. Since the Manager aims to maximise returns for such Sub-Fund in terms of its base currency, investors in such Sub-Fund may be exposed to additional currency risk. These risks may have adverse impact on the relevant Sub-Fund and its investors.

The returns to investors for those class(es) of Units denominated in a currency other than the base currency of the Sub-Fund may be different from the return calculated by reference to the base currency when converted back into the currency in which the investors subscribe and redeem due to fluctuations in the currency markets. The returns may go down and the investor may suffer a loss due to the depreciation of the class currency against the original currency. In addition, if an investor whose base currency of investment is HK dollars (not RMB) and chooses to invest in a class of Units denominated in RMB, the investor may be exposed to a higher currency risk.The investor may suffer a higher loss as a result of exchange rate fluctuations between HKD and RMB upon the reconversion of its RMB investment back to HKD as compared to an investor whose base currency of investment is originally in RMB.

The Sub-Fund may also be subject to bid/offer spread on currency conversion and transaction costs. Such risk may result in capital loss to the Sub-Fund and its investors.

If a Sub-Fund receives a subscription or redemption request for Units of a currency class which is different from the base currency of the Sub-Fund, the amount of subscription monies required to be paid by the investor, or the amount of redemption proceeds to be payable by the Sub-Fund, will be calculated based on the exchange rate between such non-base currency and base currency as of such time on the relevant dealing day as designated by the Manager. However, in the case of subscription, such subscription monies in the non-base currency may not be immediately converted into the base currency of the Sub-Fund for investment purposes at such exchange rate; and in the case of redemption, such redemption proceeds in the non-base currency may not be immediately available from the Sub-Fund at such exchange rate. Such subscription monies may only be converted into the base currency of the Sub-Fund, and such redemption proceeds may only be obtained from converting the base currency assets of the Sub-Fund, at a later time at an exchange rate between the non-base currency and base currency which is different from the previous exchange rate used for the purpose of calculating the amount of subscription monies required to be paid by the investor or redemption proceeds to be payable by the Sub-Fund. Such difference in exchange rates used may become large where there is a huge fluctuation in the exchange rates during the relevant times. As a result, the Sub-Fund may ultimately be disadvantaged or advantaged, depending on whether the non-base currency may hugely appreciate or depreciate. In addition, where there is a huge fluctuation in the exchange rate, conversion of currency may be made by the Manager at a premium or discount in exceptional circumstances, and the relevant investors will be exposed to such exchange rate risk.

(b) Currency Hedged Class Risk

The effects of hedging employed by the Manager with respect to a Currency Hedged Class will be reflected in the Net Asset Value of the Units of the Currency Hedged Class. Any cost and expenses arising from such hedging transactions will be borne by the Currency Hedged Class, which may be significant depending on prevailing market conditions.

There is no assurance that the hedging strategies employed will be totally effective in delivering performance differentials that are reflective only of interest rate differences adjusted for costs and fees. Further, the volatility of the Currency Hedged Class measured in the Sub-Fund's base currency may be higher than that of the equivalent class denominated in the Sub-Fund's base currency.

While the hedging strategies employed by the Manager are for the purpose of mitigating the effect of fluctuations in the exchange rate between the class currency of the Currency Hedged Class Units and the base currency Units of the Sub-Fund and aligning the performance of Units of the Currency Hedged Class to that of the unit class denominated in the base currency of the Sub-Fund, there can be no assurance that any currency hedging strategy employed by the Manager will effectively eliminate the currency exposure of the Sub-Fund and Unitholders of the Currency Hedged Class may be exposed to currency exchange risk for non-hedged classes. For example, if the Currency Hedged Class is denominated in RMB, it may attempt to hedge the currency exchange risk of RMB against the base currency of the Sub-Fund and/or other currency(ies) of non-RMB denominated underlying investments of the Sub-Fund. If the hedging strategy in respect of the Currency Hedged Class is ineffective, depending on the exchange rate movements of RMB relative to the base currency of the Sub-Fund, and/or other currency(ies) of the non-RMB denominated underlying investment of the Sub-Fund, (i) investors may still suffer losses even if there are gains or no losses in the value of the non-RMB denominated underlying investments; or (ii) investors may suffer additional losses if the non-RMB denominated underlying investments of the Sub-Fund fall in value.

Further, if the counterparties of the instruments used for hedging purposes default, Unitholders of the Currency Hedged Class may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.

It should also be noted that hedging transactions may be entered into whether the denominated currency of the Currency Hedged Class is declining or increasing in value relative to the Sub-Fund's base currency and so, where such hedging is undertaken it may protect Unitholders in the Currency Hedged Class against a decrease in the value of the Sub-Fund's base currency relative to the denominated currency of the Currency Hedged Class, but it may also preclude Unitholders from benefiting from an increase in the value of the Sub-Fund's base currency.

Where a Sub-Fund's distributions may be paid out of its capital or effectively be paid out of its capital, the distribution amount and Net Asset Value of the Currency Hedged Class Units may be adversely affected by differences in the interest rates of the reference currency of the Currency Hedged Class Units and the Sub-Fund's base currency. This may result in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged classes.

(c) Cross-Class Liability Risk

Although for the purposes of fund accounting, different fees and charges will be allocated to each class, there is no actual segregation of liabilities between difference classes of Units. As such, in the event of insolvency or termination of the Sub-Fund, i.e. where the assets of the Sub-Fund are insufficient to meet its liabilities, all assets will be used to meet the Sub-Fund's liabilities, not just the amount standing to the credit of any individual class of Units.

Investors should also note the following risk factors with respect to Sub-Funds which have Units denominated in RMB or have investments denominated in RMB or exposure to RMB currency:

(a) Foreign exchange and RMB Currency and Conversion Risks

Underlying investments of the Sub-Funds may be denominated in currencies (e.g.RMB (specifically offshore RMB ("CNH") or onshore RMB ("CNY"))) other than the base currency of the Sub-Fund (e.g. HKD). The Net Asset Value of the Sub-Funds may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

RMB is currently not freely convertible and is subject to exchange controls policies and repatriation restrictions imposed by the Chinese government. Conversion between RMB and other currencies is also subject to policy restrictions relating to RMB and the relevant regulatory requirements in Hong Kong.

Unit classes denominated in RMB participate in the CNH market, which allows investors to freely transact CNH outside of mainland China subject to the availability and clearing liquidity of CNH. Unit classes denominated in RMB will have no requirement to convert CNH to CNY. If an investor is a non RMB-based (e.g. Hong Kong) investor, he may have to convert HK dollar or other currency(ies) into RMB when investing in RMB unit classes and subsequently convert the RMB redemption proceeds and/or distribution payment (if any) back to HK dollar or such other currency(ies).

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate or that RMB will not be subject to devaluation against the investors' base currencies. Any depreciation or devaluation of RMB could adversely affect the value of the investors' investments in the Sub-Funds. Such investor will incur currency conversion costs. Also, depending on the exchange rate movements of RMB relative to the base currency of a Sub-Fund and/or other currency(ies) of the non-RMB denominated underlying investments of the Sub-Fund, (i) an investor may still suffer losses even if there are gains or no losses in the value of the non-RMB denominated underlying investments; or (ii) an investor may suffer additional losses if the non-RMB denominated underlying investments of the Sub-Fund fall in value.

In other words, for RMB denominated class(es), since the Unit prices are denominated in RMB but the relevant Sub-Fund may not be fully invested in RMB-denominated underlying investments and its base currency may not be RMB, so even if the prices of the non-RMB denominated underlying investments and/or value of the base currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the base currency more than the increase in the value of the non-RMB denominated underlying investments and/or the base currency.

Furthermore, under the scenario where RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the base currency, and the value of the non-RMB denominated underlying investments decreased, the value of investors' investments in RMB denominated class(es) may suffer additional losses.

RMB unit classes will generally be valued with reference to CNH rather than CNY. Although CNH and CNY are the same currency, they trade at different rates and separate markets which operate independently. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY. Any divergence between CNH and CNY may adversely impact investors.

The Sub-Funds may also be subject to bid/ offer spread and currency conversion costs when converting to and from Hong Kong dollars and RMB.

(b) Risk relating to Redemption and/or Distribution Payments (if any)

Redemption proceeds will normally be paid in the currency in which the particular class of Units of the Sub-Funds being redeemed are denominated. However, due to the exchange controls and restrictions applicable to RMB, a Sub-Funds may not be able to get sufficient amounts of RMB in a timely manner to meet redemption requests of Units denominated in RMB and/or distribution payments (if any) if all or a substantial portion of its underlying investments are non-RMB denominated. Therefore, even if a Sub-Fund aims to pay redemption proceeds and/or distribution (if any) in RMB to investors of units denominated in RMB, the investor may not receive RMB upon redemption of his investments or receive distribution payments (if any) in RMB. Under exceptional circumstances, payment of redemption proceeds and/or distribution payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB when there is not sufficient RMB for currency conversion for settlement of the redemption proceeds.

Investors should also note the following risk factors with respect to Sub-Funds with investments relating to Mainland market:

(a) Emerging Market/ PRC Market Risk

Investment in emerging markets (including the PRC market) involves special risks and considerations which are different from other markets. Investors investing in the securities relating to emerging markets must be familiar with and understand the risks of investing in emerging markets generally and the risks specific to the relevant market in particular which are different from other markets.

Factors such as economic, political, social, regulatory development etc. in emerging markets may differ from other markets to varying extents. Investors should note that, different aspects such as the level of financial markets volatility or price volatility, the size of capital markets, the development of economic, political and social conditions and policies, the development of clearance and settlement systems and procedures, risks in relation to foreign exchange and liquidity etc. in relation to an emerging market may differ from other countries / regions. All of the various factors above may have a different impact on performance of the Sub-Funds.

The value of the Sub-Funds' assets may be subject to varying degrees of impact due to different government policies, foreign exchange and monetary policies and tax regulations. Such measures may have associated impact on the economy or financial market of an emerging market.

In recent years the PRC is experiencing an economic reform with Chinese characteristics and the PRC government is developing and improving the regulatory and legal framework for securities markets.

Companies in Mainland China are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be significant differences between financial statements prepared by accountants following the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

The PRC government may from time to time adopt corrective measures to control pace of the PRC economic growth. The PRC government's regulation on currency conversion and future movements in exchange rates may have corresponding affect on the operations and financial results of the companies invested in by the Sub-Funds. Furthermore, the PRC is developing and improving its clearance and settlement systems and procedures.

(b) Risks associated with High Volatility of the Equity Market in Mainland China

High market volatility and potential settlement difficulties in the Mainland China equity market may result in significant fluctuations in the prices of the securities traded on such market and thereby may have an adverse impact on the prices of PRC securities in which the Sub-Funds invest or the price of the equity linked instruments ("ELIs") held by the Sub-Funds (where applicable) and thereby may adversely affect the value of the Sub-Funds.

(c) Risk associated with Regulatory/Exchanges Requirements/ Policies of the Equity Market in Mainland China

The stock exchanges in the PRC on which A shares and B shares are traded are relatively at a developing stage and the choice of investments in the A share and B share markets is limited as compared with other developed securities markets. Their trading volumes may be much lower than those in developed markets. Potential volatility and illiquidity of the A share and B share markets may have an adverse impact on the prices of PRC securities in which the Sub-Funds invest or the price of the ELIs held by the Sub-Funds (where applicable).

Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Funds.

(d) Credit rating agency risk associated with investments in Mainland China onshore debt securities/fixed income instruments

The credit rating agencies/appraisal system in the Mainland and the rating criteria and/or methodologies employed in the Mainland may be different from those employed in other markets or adopted by most of the established international credit rating agencies. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies. Valuation of these debt and fixed income instruments may be more difficult and the prices of the Sub-Funds may be more volatile.

(e) Liquidity and volatility risks associated with investments in debt securities/fixed income instruments in Mainland market

The debt securities/ fixed income instruments in Mainland market may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such market may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Funds may incur significant trading costs. Certain securities may be difficult or impossible to sell, and this would affect the Sub-Funds' ability to acquire or dispose of such securities at their intrinsic value.

Investors should also note the following risk factors with respect to Sub-Funds which have direct access to certain eligible A shares via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (collectively, "**Shanghai and Shenzhen Connect**"):

Risks associated with Shanghai and Shenzhen Connect

(i) Quota limitations:

Each of the Shanghai and Shenzhen Connect is subject to a set of Daily Quota, which does not belong to the Sub-Funds and can only be utilized on a first-come-first serve basis. The Daily Quota is respectively monitored by SEHK and SSE or SZSE (as the case may be). The Daily Quota limits the maximum net buy value of cross-boundary trades under each of the Shanghai and Shenzhen Connect each day. The Daily Quota will be reset every day. Unused Daily Quota will not be carried over to next day's Daily Quota.

The Northbound Daily Quota balance is disseminated on the HKEx website.

If the Northbound Daily Quota Balance drops to zero or Daily Quota is exceeded during the opening call auction session, new buy orders will be rejected.

Once the Northbound Daily Quota Balance drops to zero or the Daily Quota is exceeded during a continuous auction session, no further buy orders will be accepted for the remainder of the day.

It should be noted that quota limitations may restrict the Sub-Funds' ability to invest in SSE Securities and/or SZSE Securities through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect on a timely basis, and the Sub-Funds may not be able to effectively pursue its investment strategies.

(ii) Suspension risk:

The SEHK, SSE and SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect is effected, the Sub-Funds' ability to access the PRC market will be adversely affected.

(iii) Differences in trading day:

Shanghai and Shenzhen Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but Hong Kong investors (such as the Sub-Funds) cannot carry out any trading of A shares. The Sub-Funds may be subject to a risk of price fluctuations in A shares during the time when Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect is not trading as a result.

(iv) Operation risk:

- Shanghai and Shenzhen Connect provide new channels for investors from Hong Kong and overseas to access the China stock market directly.

- Shanghai and Shenzhen Connect are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in Shanghai and Shenzhen Connect subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Besides, securities regimes and legal systems of the two markets differ significantly and in order for the program to operate smoothly, market participants may need to address issues arising from the differences on an on-going basis.

- The "connectivity" in each of Shanghai and Shenzhen Connect requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants (i.e. a new order routing system) to be set up by SEHK to which exchange participants need to connect. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through Shanghai and Shenzhen Connect could be disrupted. The Sub-Funds' ability to access the A share market (and hence to pursue its investment strategy) will be adversely affected. The Sub-Funds may also incur trading or other unforeseeable losses in that event.

(v) Restrictions on selling imposed by front-end monitoring:

- PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE and/or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on A shares sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

- If the Sub-Funds desire to sell certain SSE Securities and/or SZSE Securities it holds, to the extent those SSE Securities and/or SZSE Securities are not kept in the Special Segregated Account (SPSA) maintained with CCASS, it must transfer them to the respective accounts of its brokers before the market opens on the day of selling. If it fails to meet this deadline, it will not be able to sell those shares on such day.

(vi) Recalling of eligible stocks:

If a stock is recalled from the scope of eligible stocks for trading via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (as the case may be), the stock can only be sold and cannot be bought. This may affect the investment portfolio of the Sub-Funds. Investors should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SEHK, SSE and/or SZSE.

(vii) Clearing and settlement risk:

- HKSCC and CSDCC will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

- Should the remote event of CSDCC default occur and CSDCC be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against CSDCC. HKSCC will in good faith, seek recovery of the outstanding stocks and monies from CSDCC through available legal channels or through CSDCC's liquidation. In that event, the Sub-Funds may suffer delay in the recovery process or may not be able to fully recover its losses from CSDCC.

(viii) Counterparty risk relating to brokers:

Investment through each of Shanghai and Shenzhen Connect is conducted through broker(s), and is subject to the risks of default by such brokers' in their obligations. Each of Shanghai and Shenzhen Connect follows the A share settlement cycle where the A shares are settled on the same trade day and cash on a T+1 basis. Although the Sub-Funds may have settlement arrangements in place with brokers different from the A share settlement cycle, the deliveries of SSE Securities and/or SZSE Securities and payments therefor may not be simultaneous.

(ix) Participation in corporate actions and shareholders' meetings:

- HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and/or SZSE Securities. Hong Kong and overseas investors (including the Sub-Funds) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities or SZSE Securities (as the case may be) may be as short as one Business Day only. Therefore, the Sub-Funds may not be able to participate in some corporate actions in a timely manner.

- Hong Kong and overseas investors (including the Sub-Funds) are holding SSE Securities and/or SZSE Securities traded via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect (as the case may be) through their brokers or custodians. According to existing Mainland practice, multiple proxies are not available. Therefore, the Sub-Funds may not be able to appoint proxies to attend or participate in shareholders' meetings in respect of the SSE Securities and/or SZSE Securities (as the case may be).

(x) Regulatory risk:

- Each of Shanghai and Shenzhen Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under Shanghai and Shenzhen Connect.

- It should be noted that the regulations are untested and there is no certainty as to how they will be applied. Moreover, the current regulations are subject to change. There can be no assurance that Shanghai and Shenzhen Connect will not be abolished. The Sub-Funds, which may invest in the PRC market through Shanghai and Shenzhen Connect, may be adversely affected as a result of such changes.

(xi) Foreign exchange/ currency conversion risk:

The Sub-Funds may be subject to exchange rate fluctuations between Hong Kong dollars and RMB (specifically CNH or CNY) given that the Sub-Funds are denominated in Hong Kong dollars, but the SSE Securities and/or SZSE Securities acquired via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect are denominated in CNH. Share securities acquired through QI[1]are denominated in CNY, while the cash holding of the Sub-Funds could be in either RMB or Hong

[1] Qualified Foreign Investors/ Qualified Investors or "QI" refers to foreign institutional investors who are approved as such, including qualified foreign institutional investors (QFIIs) or RMB qualified foreign institutional investors (RQFIIs) previously approved, by the China Securities Regulatory Commission (CSRC) to invest in the PRC securities and futures markets with funds raised overseas.

Kong dollars. The Sub-Funds may also be subject to bid/offer spread and currency conversion costs when converting to and from Hong Kong dollars and RMB.

Investors should also note the following risk factors with respect to Sub-Funds with investments in loss-absorption features:

Risks associated with instruments with loss-absorption features

(a) 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 a pre-defined trigger event(s) (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.

(b) 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.

(c) The Sub-Fund may invest in contingent convertible debt securities, commonly known as CoCos, which are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

(d) The Sub-Fund may invest in non-preferred senior debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

In addition to the general risk factors and any specific risk factors set out above, investors should also note the following risk factors with respect to BOCIP HK Dollar Money Market Fund:

(a) Volatility and liquidity risk

The Sub-Fund may invest in money market instruments which are not listed or actively traded, and as a consequence tend to be less liquid and more volatile. The prices of money market instruments traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such money market instruments may be large and the Sub-Fund may incur significant trading costs.

(b) Interest rate risk

Investment in the Sub-Fund is subject to interest rate risk. Interest rates in the short-term money market may vary from day to day reflecting changes in the level of money available in the economy and expectations of interest rate trends. The rate of return to investors will therefore fluctuate with these changes. In general, the prices of money market instruments rise when interest rates fall, whilst their prices fall when interest rates rise.

(c) Credit/ counterparty risk

The Sub-Fund is exposed to the credit/default risk of issuers of the money market instruments that the Sub-Fund may invest in. The issuer, guarantor or counterparty to a financial instrument in which the underlying fund invests may default on its payment obligations or otherwise be unwilling or unable to honor its contractual obligations. This may affect the value of the investments or the amount that the underlying fund may receive from the financial instruments. The performance of the Sub-Fund may therefore be adversely affected.

In view of the risk factors as mentioned above, the Sub-Funds are, therefore, only suitable for investors who can afford the risks involved.

INVESTMENT AND BORROWING RESTRICTIONS

Investment Restrictions

The Trust Deed imposes a number of restrictions and prohibitions on investment of the Sub-Funds.

General Investment Restrictions

No holding of any security may be acquired for or added to a Sub-Fund which would be inconsistent with achieving the investment objective of the Sub-Fund.

Further, the following restrictions and prohibitions will apply to all the Sub-Funds except for Money Market Sub-Fund(s) under the Fund or as otherwise stated:

(i) No holding of any security may be acquired for or added to a Sub-Fund which would result in:

(A) the aggregate value of a Sub-Fund's investments in, or exposure to, any single entity through the following exceeding 10% of its latest available Net Asset Value unless otherwise approved by the SFC:

(a) investments in securities issued by that entity;

(b) exposure to that entity through underlying assets of financial derivative instruments (see restriction in (ix) below); and

(c) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments (see restriction in (x)(c) below);

(B) a Sub-Fund holding more than 10% of any ordinary shares issued by any single entity, or when aggregated with the holdings of such ordinary shares held by all other Sub-Funds, collectively holding more than 10% of any ordinary shares issued by any single entity;

(C) the aggregate value of a Sub-Fund's investments in, or exposure to, entities within the same group through the following exceeding 20% of the latest available Net Asset Value of the Sub-Fund:

(a) investments in securities issued by those entities;

(b) exposure to those entities through underlying assets of financial derivative instruments (see restriction in (ix) below); and

(c) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments (see restriction in (x)(c) below),

subject to restrictions in (i)(A) above and (x)(c) below.

(ii) No cash deposits shall be made in respect of a Sub-Fund which would result in the value of the Sub-Fund's cash deposits (as defined under Note (1) to Chapter 7.1B of the UTMF Code) made with the same entity or entities within the same group (as defined under Note (1) to Chapter 7.1A of the UTMF Code) exceeding 20% of the latest available Net Asset Value of the Sub-Fund, provided that such 20% may be exceeded in the following circumstances:

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

(b) cash 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 would not be in the best interests of Unitholders; or

(c) cash proceeds received from subscriptions pending investments and cash held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions be unduly burdensome and the cash deposits arrangements would not compromise the Unitholders' interests.

(iii) Unless otherwise stated, the restrictions in (i) above and (iv) below shall not apply, and the following restrictions under this (iii) shall apply where a Sub-Fund invests in other Collective Investment Schemes.

(a) No holding of Collective Investment Schemes may be acquired for or added to a Sub-Fund which would result in the value of a Sub-Fund's investment in units or shares in other Collective Investment Schemes which are non-eligible schemes (i.e. schemes which are not set out in the list of recognized jurisdictions issued by the SFC) and not authorised by the SFC in aggregate exceeding 10% of the latest available Net Asset Value of the Sub-Fund.

(b) The Sub-Fund may invest in one or more Collective Investment Schemes which are either authorized by the SFC or eligible schemes (i.e. schemes which are set out in the list of recognised jurisdictions issued by the SFC). No holding of Collective Investment Schemes may be acquired for or added to the Sub-Fund which would result in the value of the Sub-Fund's investment in units or shares in each such Collective Investment Scheme exceeding 30% of its latest available Net Asset Value, unless the Collective Investment Scheme is authorized by the SFC, and the name and key investment information of the Collective Investment Scheme are disclosed in the Explanatory Memorandum.

(c) In addition, the objective of each Collective Investment Scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the UTMF Code, and where such Collective Investment Scheme's objective is to invest primarily in investments restricted by the Chapter 7 of the UTMF Code, such investments may not be in contravention of the relevant limitation.

(i) Where the Collective Investment Schemes are also managed by the Manager, or by other companies within the same group that the Manager belongs to, then restriction (i) above and restriction (iv) below are also applicable to investments of the Collective Investment Schemes.

(ii) A Collective Investment Scheme's objective may not be to invest primarily in other collective investment scheme(s).

(iii) For the avoidance of doubt, a Sub-Fund may invest in scheme(s) authorized by the SFC under Chapter 8 (except for hedge funds under Chapter 8.7 of the UTMF Code), eligible scheme(s) (i.e. schemes which are set out in the list of recognised jurisdictions issued by the SFC) of which the net derivative exposure does not exceed 100% of its total Net Asset Value, and exchange traded funds ("ETFs") satisfying the requirements in the Note under "Investment in other schemes" of Chapter 7 of the UTMF Code in compliance with Chapter 7.11 and 7.11A of the UTMF Code.

(iv) Unless otherwise stated, ETFs satisfying the requirements in the Note under "Investment in other schemes" of Chapter 7 of the UTMF Code shall be considered and treated by the Manager as listed securities for the purposes of and subject to restrictions in (i) above and (iv) below. As such, no holding of any ETF may be acquired or added to a Sub-Fund which would result in the Sub-Fund's investment in each ETF exceeding 10% of its Net Asset Value, unless otherwise stated.

(d) Where a Sub-Fund invests in any Collective Investment Scheme(s) managed by the Manager or by a Connected Person of the Manager, all initial charges and redemption charges on the Collective Investment Scheme(s) shall be waived.

(e) The Manager of a Sub-Fund or any person acting on behalf of a Sub-Fund or the Manager shall not obtain a rebate on any fees or charges levied by a Collective Investment Scheme or its management company, or any quantifiable monetary benefits in connection with investments in any Collective Investment Scheme.

(iv) No holding of any security may be acquired for or added to a Sub-Fund which would result in the value of a Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a market (as defined under Chapter 7.3 of the UTMF Code) exceeding 15% of its latest available Net Asset Value.

(v) (a) Notwithstanding restriction (i) above, the Manager may invest the assets of any Sub-Fund in Government and other public securities (as specified in Notes (1) and (2) to Chapter 7.5 of the UTMF Code) PROVIDED THAT no such securities shall be acquired or added to a Sub-Fund if as a result thereof the value of the Sub-Fund's investment in such securities of the same issue would exceed 30% of a Sub-Fund's latest available Net Asset Value.

(b) All of the assets of the Sub-Fund may be invested in Government and other public securities PROVIDED THAT in addition to complying with the limit in restriction (v)(a), not less than six different issues of such securities would then be held by the Sub-Fund.

(vi) A Sub-Fund shall not invest in physical commodities unless otherwise approved by the SFC on a case-by-case basis, taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary.

(vii) A Sub-Fund may acquire financial derivative instruments for hedging purposes. For the purpose of this restriction, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all 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 or risks arising from the Investments being hedged;

(c) although they may not necessarily reference to the same underlying assets, 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.

(viii) A Sub-Fund may acquire financial derivative instruments for non-hedging purposes ("investment purposes") provided that the limit that the Sub-Fund's net exposure relating to these financial derivative instruments ("net derivative exposure") does not exceed 50% of the latest available Net Asset Value of the Sub-Fund.

(ix) Subject to restrictions (viii) above and (x) below, a Sub-Fund may invest in financial derivative instruments provided that no holding of any such financial derivative instruments may be acquired or added to the Sub-Fund which would result in the exposure to the underlying assets of the financial derivative instruments, together with the other investments of the Sub-Fund, in aggregate exceeding the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in restrictions (i)(A), (i)(C), (ii), (iii) and (v) above and restriction (xix) below.

(x) The financial derivative instruments invested by a Sub-Fund shall be either listed/quoted on a stock exchange or dealt in over-the-counter market and shall 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, financial indices, interest rates, foreign exchange rates, currencies, or other asset classes acceptable to the SFC, in which a Sub-Fund may invest according to its investment objectives and policies;

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

(c) subject to restrictions (i)(A) and (i)(C) above, a Sub-Fund's net counterparty exposure to a single entity arising from transactions of over-the-counter financial derivative instruments may not exceed 10% of the latest available Net Asset Value of the Sub-Fund; and

(d) the valuation of the financial derivative instruments 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 financial derivative instruments through measures such as the establishment of a valuation committee or engagement of third party services. The financial derivative instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Sub-Fund's initiative. Further, 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 financial derivative instruments on a regular basis.

(xi) For the avoidance of doubt, restrictions and limitations on counterparty as set out in restrictions (i)(A), (i)(C) and (x)(c) above will not apply to financial derivative instruments that are:

(a) transacted on an exchange where the clearing house performs a central counterparty role; and

(b) marked-to-market daily in the valuation of their financial derivative instrument positions and subject to margining requirements at least on a daily basis.

(xii) A Sub-Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for investment purposes).

(xiii) Subject to restriction (xii) above, a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of a Sub-Fund shall be covered as follows:

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

(b) in the case of financial derivative instruments 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.

(xiv) Where a financial instrument embeds a financial derivative, restrictions (vii) to (xiii) above will also apply to the embedded financial derivative.

(xv) A Sub-Fund may engage in securities lending, sale and repurchase and reverse repurchase transactions (collectively, "securities financing transactions"), provided that they are in the best interests of Unitholders and the associated risks have been properly mitigated and addressed. The counterparties to securities financing transactions should be financial institutions which are subject to ongoing prudential regulation and supervision.

(xvi) A Sub-Fund should have at least 100% collateralization in respect of the securities financing transaction(s) into which it enters to ensure there is no uncollateralized counterparty risk exposure arising from these transactions.

(xvii) 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, should be returned to the Sub-Fund.

(xviii) A Sub-Fund should ensure that it is able at any time to recall the securities or the full amount of cash (as the case may be) subject to the securities financing transaction(s) or terminate the securities financing transaction(s) into which it has entered.

(xix) Unless otherwise permitted by the SFC or under the UTMF Code, a Sub-Fund may not 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)). In the case of investments in such shares and REITs, they shall comply with the investment limits as set out in restrictions (i), (iii)(a) and (iv) above, where applicable. For the avoidance of doubt, where investments are made in listed REITs, the investment limits as set out in restriction (i) above apply, and where investments are made in unlisted REITs, which are either companies or Collective Investment Schemes, restrictions (iii)(a) and (iv) above apply respectively.

(xx) No short sale may be made which results in the Sub-Fund's liability to deliver securities exceeding 10% of its latest available Net Asset Value and where a short sale is made, the security which is sold short must be actively traded on a market where short selling activities are permitted. For the avoidance of doubt, the Sub-Fund is prohibited to carry out any naked or uncovered short sale of securities and short selling should be carried out in accordance with all applicable laws and regulations.

(xxi) Subject to restriction (iv) above, a Sub-Fund may not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

(xxii) A Sub-Fund may not acquire any asset or engage in any transaction which involves the assumption of any liability which is unlimited.

(xxiii) The liability of Unitholders shall be limited to their investments in a Sub-Fund.

(xxiv) A Sub-Fund may not invest in any 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 collectively the directors and officers of the Manager own more than 5% of those securities.

(xxv) No part of any Sub-Fund shall be applied in the acquisition of any security which are for the time being nil paid or partly paid in respect of which a call is to be made for any sum unpaid on that security unless that call could be met in full out of cash or near cash by such Sub-Fund's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purposes of restrictions (xii) and (xiii) above.

Investment Restrictions Applicable to Money Market Sub-Funds

The Money Market Sub-Funds from time to time launched under the Fund shall comply with the following investment restrictions instead of the General Investment Restrictions set out above:

(i) Subject to other restrictions below, the Sub-Fund may only invest in short-term deposits and high quality money market instruments and money market funds that are authorized by the SFC under Chapter 8.2 of the UTMF Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

(ii) 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.

(iii) Notwithstanding restrictions (i)(A) and (ii) under the General Investment Restrictions above, the aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity may not exceed 10% of the latest available Net Asset Value of the Sub-Fund except:

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

  (b) in the case of government and other public securities, up to 30% may be invested in same issue; or

  (c) in respect of any deposit of less than US$1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size.

(iv) Notwithstanding restrictions (i)(C) and (ii) under the General Investment Restrictions above, the aggregate value of the Sub-Fund's investments in entities within the same group through instruments and deposits may not exceed 20% of its latest available Net Asset Value. This restriction will not apply in respect of cash deposit of less than US$1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size. 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%.

(v) The value of the Sub-Fund's holding of money market funds that are authorized by the SFC under Chapter 8.2 of the UTMF Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC may not in aggregate exceed 10% of its latest available Net Asset Value.

(vi) The value of the Sub-Fund's holding of investments in the form of asset-backed securities may not exceed 15% of its latest available Net Asset Value.

(vii) Subject to restrictions (xv) to (xviii) under the General Investment Restrictions above and Chapter 7.36 to 7.38 of the UTMF Code, the Sub-Fund may engage in sale and repurchase, and reverse repurchase transactions in compliance with the following additional requirements:

  (a) 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;

  (b) 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;

  (c) 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

  (d) the holding of collateral, together with other investments of the Sub-Fund, must not contravene the investment limitations and requirements set out in Chapter 8.2 of the UTMF Code.

(viii) The Sub-Fund may use financial derivative instruments for hedging purposes only.

(ix) The currency risk of the Sub-Fund shall be appropriately managed. In particular, any material currency risk should be appropriately hedged where the Sub-Fund invests in assets that are not denominated in the base currency of the Sub-Fund.

(x) The Sub-Fund must hold at least 7.5% of its latest available Net Asset Value in daily liquid assets and at least 15% of its latest available Net Asset Value in weekly liquid assets.

(xi) The Sub-Fund that offers a stable or constant Net Asset Value or which adopts an amortized cost accounting for valuation of its assets may only be considered by the SFC on a case-by-case basis.

Investment Restrictions Applicable to Feeder Funds

As for BOCIP HK Dollar Money Market Fund (which is authorized as a feeder fund) and any other Sub-Funds which are authorized as feeder funds, the following investment restrictions shall apply:

(a) 90% or more of the Sub-Fund's total Net Asset Value shall be invested in a single Collective Investment Scheme and it shall comply with Chapter 7.12 of the UTMF Code;

(b) the underlying scheme (the "master fund") must be authorized by the SFC;

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

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

(e) the aggregate amount of all the fees and charges of the Sub-Fund and its master fund shall be clearly disclosed in the offering document of the Sub-Fund;

(f) no increase in the overall total of initial charges, redemption charges, the Manager'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 are managed by the Manager or by a connected person of the Manager; and

(g) if the master fund of the Sub-Fund is also a money market fund, such master fund shall comply with the provisions under Chapter 8.2 of the UTMF Code and the investment restrictions applicable to the Money Market Sub-Funds as mentioned above will also apply to such master fund.

Borrowing Restrictions

No new borrowing shall be made which would result in the aggregate borrowing exceeding 10% of the latest available Net Asset Value of each Sub-Fund. For the Money Market Sub-Funds, no new borrowing shall be made which would result in the aggregate borrowing exceeding 10% of the Sub-Fund's latest available Net Asset Value and such borrowing must be on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

The assets of the relevant Sub-Fund may be charged or pledged as security for any such borrowings.

Level of Leverage

The expected maximum level of leverage of each Sub-Fund is as follows:

The Manager is subject to the borrowing restrictions in respect of each Sub-Fund under the sub-section headed "Borrowing Restrictions" above.

No Sub-Fund is expected to incur any leverage from the use of financial derivative instruments.

General

If any of the investment and borrowing restrictions applicable to a Sub-Fund are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders.

The Manager is not immediately required to sell applicable investments or repay any borrowings if any of the investment or borrowing restrictions are exceeded as a result of changes in the value of a Sub-Fund's investments, reconstructions or amalgamations, payments out of the assets of the Sub-Fund or redemptions of Units, but for so long as such limits are exceeded, the Manager shall not acquire any further investments or effect further borrowings (as the case may be) which would result in such limit being further exceeded.

MANAGEMENT AND ADMINISTRATION

Manager

BOCI-Prudential Asset Management Limited is the Manager of the Fund. The Manager is a joint venture between BOCI Asset Management Limited and Prudential Corporation Holdings Limited. BOCI Asset Management Limited is a wholly owned subsidiary of BOC International Holdings Limited which in turn is a wholly owned subsidiary of Bank of China Limited. The Manager is specialized in security-based portfolio management business. Teaming up with elite investment professionals, the Manager is devoted to providing advanced and quality services to its clients and is committed to be a professional, prudent and reliable fund management house.

The Manager is licensed with the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under section 116(1) of the Securities and Futures Ordinance of Hong Kong. For Type 1 regulated activity, the Manager shall only engage in marketing and distribution activities and only provide services to the accounts and collective investment schemes under the Manager's management. For Type 6 regulated activity, the Manager shall only act as an agent for the listing of index tracking exchange traded funds under its management. In acting as such agent, the Manager shall not advise on any listing that involves initial public offering contemplated under the Corporate Finance Advisor Code of Conduct. Further for Type 6 regulated activity, the Manager shall not act as sponsor in respect of an application for the listing on a recognized stock market of any securities.

Trustee and Registrar

The Trustee and Registrar of the Fund is BOCI-Prudential Trustee Limited, which is a registered trust company in Hong Kong.

The Trustee is a joint venture founded by BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited ("PCHL"). BOC Group Trustee Company Limited is owned by BOC International Holdings Limited ("BOCI") and Bank of China (Hong Kong) Limited ("BOC(HK)"), which are subsidiaries of Bank of China Limited. The business activities of Bank of China Limited are principally corporate banking, retail banking, investment banking, insurance and other financial services. PCHL is wholly owned by Prudential plc which provides a broad range of financial and insurance services as well as engages in fund management business. The net assets of the Trustee were approximately HK$542.48 million as at 31 October 2022.

Custody Arrangement

The Trustee is responsible for the safe-keeping of the investments forming part of the Sub-Funds in accordance with the provisions of the Trust Deed and such investments will be dealt with as the Trustee may think proper for the purpose of providing for the safe keeping thereof.

The Trustee may from time to time appoint such person or persons as it thinks fit (including, without limitation, itself or any connected person) as custodians or co-custodians of the whole or any part of the investments comprised in any sub-fund and may empower any such custodians or co-custodians to appoint sub-custodians.

The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and on-going monitoring of any of its custodians, co-custodians, sub-custodians, nominees, agents and delegates in relation to the assets forming part of the property of the Fund and its sub-funds (collectively, "Correspondents") appointed by it for the custody and/or safekeeping of the Fund and the Sub-Funds; and (b) be satisfied that each of the Correspondents retained remains suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Fund and the Sub-Funds. The Trustee shall be responsible and liable for the acts and omissions of any Correspondent which is a connected person of the Trustee as if the same were the acts and omissions of the Trustee but provided that the Trustee has discharged its obligations set out in (a) and (b) as set out in this paragraph, the Trustee shall not be liable for theinsolvency, liquidation or bankruptcy of any Correspondent which is not a connected person of the Trustee.

Any custodian, co-custodian or sub-custodian may further appoint its sub-custodians, nominees, agents and/or delegates provided that such appointment is made with prior consent or no objection in writing by the Trustee and the Trustee has satisfied that (i) the custodian, co-custodian or sub-custodian has exercised reasonable care and diligence in the selection, appointment and ongoing monitoring of its sub-custodians, nominees, agents and/or delegates and (ii) has appropriate and adequate processes and procedures in place for doing so. The Trustee shall also exercise reasonable care and diligence: (i) to ensure that the processes and procedures mentioned in this paragraph have been properly implemented by the custodian, co-custodian and/or sub-custodian (as the case may be) and (ii) to conduct regular reviews of such custodian's, co-custodian's and/or sub-custodian's processes and procedures to ensure that the Trustee remains satisfied that such processes and procedures remain appropriate and adequate for the selection, appointment and ongoing monitoring of such sub-custodians, nominees, agents and/or delegates.

ISSUE OF UNITS

Currently, only Class A Units of the Sub-Funds with different fee levels are available for subscription by investors during the a prescribed period (the "**Initial Period**") and on each Dealing Day thereafter.

Units of BOCIP HK Dollar Money Market Fund are denominated in HK dollars.

Initial Issue of Units

Different classes of Units may be offered for a Sub-Fund. Although the assets attributable to all classes of Units of the Sub-Fund will form one single pool, each class of Units may have a different charging structure with the result that the Net Asset Value attributable to each class of Units of the Sub-Fund may differ.

For the avoidance of doubt, where a Sub-Fund has such class(es) of Units which name(s) commence(s) with "Class A", each class of such Units shall be considered a separate class.

Class A Units of each of the Sub-Funds will be initially offered to investors during its Initial Period at an issue price based on the denomination of the Sub-Fund. As at the date of this Explanatory Memorandum, the relevant Initial Period for the existing Class A Units of each Sub-Fund has been closed. The Initial Period for new class(es) of Units or new Sub-Fund(s) (as the case may be) will be set out in an addendum or the term sheet of the relevant new Sub-Fund(s).

The Manager at its absolute discretion effect the issue of Currency Hedged Class in certain Sub-Funds. Currently, the Manager intends to, on a best efforts basis, implement the currency hedge by using forward exchange contracts. The Manager will generally limit hedging to the extent of the Currency Hedged Class' currency exposure. Although a Currency Hedged Class may not generally be leveraged as a result of the use of such techniques and instruments, the value of such instruments may be up to but may not exceed 105% of the Net Asset Value attributable to the relevant Currency Hedged Class. The Manager will monitor hedging positions on a regular basis (generally on a monthly basis) and at an appropriate frequency to ensure that they do not exceed the stated level. Positions materially in excess of 100% of the Net Asset Value attributable to the relevant Currency Hedged Class will not be carried forward from month to month. The costs and gains/losses of the hedging transactions will accrue solely to the relevant Currency Hedged Class. Under exceptional circumstances, such as but not limited to where it is reasonably expected that the cost of performing the hedge will be in excess of the benefit derived and therefore detrimental to Unitholders, the Manager may decide not to hedge the currency exposure of such class of Units.

In respect of applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on the last day of the relevant Initial Period, Units will be issued on the close of the relevant Initial Period.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

The Manager may levy an initial charge on the issue of Class A Units of each Sub-Fund. The maximum amount of such initial charge is set out in "Charges and Expenses – Initial Charge, Redemption Charge and Switching Fee" on page 36 below.

No initial charge will be levied in respect of the issue of the Class B Units of the Sub-Funds.

If the total subscription of certain class of Units of a Sub-Fund as at the closing date of relevant Initial Period is less than HK$50 million (or its equivalent amount in the currency in which that particular class of Units is denominated), the Manager may exercise its discretion not to issue any Units of that class as at the close of the relevant Initial Period.

If the Manager exercises such discretion, it will notify the relevant applicants in writing within three (3) Business Days of such closing date and the subscription monies paid by the applicants will be returned at their risk in HK dollars (or in the currency in which that particular class of Units of the relevant Sub-Fund being subscribed for is denominated) within seven (7) Business Days after the expiry of relevant Initial Period. No interest will be paid on such subscription monies and any benefit will be retained by the Manager.

Subsequent Issues of Units

After the relevant Initial Period, applications in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with, and Units will be issued, on that Dealing Day. Where applications in writing (including by facsimile) are received after such time or on a day which is not a Dealing Day, they will be carried forward and dealt with on the next Dealing Day.

The issue price (exclusive of any initial charges) of Units of the relevant class of a Sub-Fund on a Dealing Day will be calculated by reference to the Net Asset Value per Unit of such class of that Sub-Fund as at that Dealing Day (for further details, see "Calculation of Net Asset Value and Issue and Redemption Prices" on page 32 to 34

below). The Manager may levy an initial charge on the issue of each Class A Unit. The maximum amount of such initial charge is set out in "Charges and Expenses – Initial Charge, Redemption Charge and Switching Fee" on page 36 below. No initial charge will be levied on the issue of Class B Units.

Applications for subscription of Units may also be placed through other authorized fund distributors or through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application or payment cut-off time. As such, applicants who intend to subscribe Units through fund distributors other than the Manager or place subscription orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Minimum Subscription and Subsequent Holding

Unless otherwise allowed under the "Regular Savings Plan" section on pages 34 to 35 below, the minimum amount of each subscription in each class of Units of a Sub-Fund during and after the relevant Initial Period shall be HK$10,000 (or its equivalent amount in the currency in which that particular class of Units is denominated) inclusive of any initial charge. Furthermore, the Manager may require a Unitholder to redeem his entire holding (instead of partial holding) of Units in any class of Units of a Sub-Fund if, after redemption, the Unitholder's holding in such class of Units falls below HK$10,000 (or its equivalent amount in the currency in which that particular class of Units are denominated).

However, the Manager reserves the right to waive the minimum subscription or minimum holding requirements of any Sub-Funds for any Unitholder.

Application Procedure

Except otherwise specified by the Manager in its website (www.boci-pru.com.hk), applications for Units must be made by completing the enclosed Master Account Opening Form, Subscription Form and any other relevant application documents and submitting the same to the Manager in person, sending them by post or by facsimile or other means from time to time determined by the Manager (unless the original of any relevant application document is required by the Manager).

Investors/ Unitholders should be reminded that if they choose to send the Master Account Opening Form and Subscription Form or other relevant application document(s) by facsimile or any other means without submitting the original, they bear their own risk of the requests not being received or repeatedly received or being illegible. None of the Manager, the Trustee and/or their respective agents shall be responsible to an investor/ Unitholder for any loss resulting from non-receipt or duplicate receipt or illegibility of any relevant application documents sent by facsimile or any other means without submitting the original.

Payment Procedure

Unless otherwise accepted by the Manager, payment for Units and any applicable initial charge may be made by cheque, payable to "BOCI-Prudential Asset Management Ltd – Client A/C-UTD" and crossed "A/C Payee Only, Not Negotiable" or by telegraphic transfer or bank transfer net of all bank charges (i.e. at the expense of the applicant). Payment by cheque is likely to cause delay in receipt of cleared funds and an application will not be accepted and Units will not be issued until the cheque is cleared. Any costs of transfer of application monies to the Sub-Funds will be payable by the applicant.

The account details are as follows:

Name: Bank of China (Hong Kong) Limited
Address: Bank of China Tower, 1 Garden Road, Hong Kong
Account: BOCI-Prudential Asset Management Ltd – Client A/C-UTD
A/C Number(s):
For classes of Units denominated in HK dollars:
012-875-0-044596-0
For classes of Units denominated in a currency other than HK dollars:
012-875-9-251458-0

Investors should note the payment procedures of BOCIP Asset Management Investment Funds as described below :

(A) In respect of any Sub-Fund which is not a Money Market Sub-Fund, payment for Units shall be due (i) prior to the close of the relevant Initial Period (for subscriptions during the Initial Period); or (ii) upon issue of the Units (for subsequent issue). If cleared fund is not received on the relevant due date, the Manager may, without prejudice to any claim against the applicant in respect of the failure to make payment when due, determine in its discretion that the application be cancelled. In such circumstances, the relevant Units shall be deemed never to be issued.

(B) In respect of BOCIP HK Dollar Money Market Fund or other Money Market Sub-Fund(s) that from time to time established under the Fund, application(s) (for subscription of or switching into the Money Market Sub-Fund(s)) will not be processed unless the subscription proceeds (or in the case of fund switching, the redemption proceeds of the Sub-Fund(s) switched out by the Unitholders that are used to subscribe to the Money Market Sub-Fund(s)) in cleared fund are received on the relevant Dealing Day.

In addition to other restrictions set out in the Explanatory Memorandum, no redemption or switching transactions may be effected until the initial subscription has been completed.

Subscription monies must be paid in the currency in which the particular class of Units being subscribed for is denominated, except that under the Regular Savings Plan, subscription monies must be paid in HK dollars.

Subscription monies for BOCIP HK Dollar Money Market Fund should normally be paid in HK dollars.

However, the Manager reserves the right to accept payment in other currencies from any Unitholder, in which case, the number of Units to be issued shall be calculated based on an exchange rate reasonably determined by the Manager and the Trustee. Any exchange rate risk and costs of conversion will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Third party cheques and cash are not accepted.

Investors should note that for payment by telegraphic or bank transfer in Hong Kong dollars to be received for value on a particular day, payment must be made for value in Hong Kong at least one Hong Kong business day preceding such day.

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activities under Part V of the Securities and Futures Ordinance.

General

Units issued by the Fund will be held for investors in registered form. Certificates will not be issued. A contract note will be issued upon acceptance of an investor's application and will be forwarded by ordinary post (at the risk of the person entitled thereto). A contract note may also be provided by other electronic medium (e.g. through the website of the Manager) provided that the relevant Unitholder has consented to the use of such means and operational safeguards that ensure adequate notice and access being given to the Unitholders in the provision of the contract note have been put in place.

Fractions of not less than ten-thousandth of a Unit may be issued. Smaller fractions will be retained for the benefit of the relevant Sub-Fund.

The Manager has an absolute discretion to accept or reject in whole or in part any application for Units. In the event that an application is rejected, application moneys will be returned without interest by cheque through the post at the risk of the person(s) entitled thereto or through bank transfer. Without limiting the generality of the foregoing, the Manager may reject any application for subscription, redemption or switching where insufficient information is being provided or in case there is any error or omission in the information provided. No Units of a Sub-Fund will be issued where the determination of the Net Asset Value of that Sub-Fund is suspended (for further details see "Suspension of Dealings and Determination of Net Asset Value" on page 34 below).

REDEMPTION OF UNITS

Subject as mentioned below, any Unitholder may realise his Units on any Dealing Day in whole or in part.

For redemption of Class B Units, the Manager is entitled to levy a redemption charge if the Units are redeemed within 4 years of their issue and redemption will be effected on a "First In First Out" basis, i.e. the first Unit to be redeemed will be the Unit which was first issued. For this purpose, a redeeming Unit is considered to be issued at the time when the relevant subscription monies were used to acquire that redeeming Unit (or if such redeeming Unit was issued to the Unitholder as a result of one or more switching from another Unit, the redeeming Unit will be considered to be issued at the time the original Unit was issued to the Unitholder after the relevant subscription monies were received by the Trustee) and in making such a consideration, the Manager may make such assumptions as it considers appropriate. No redemption charge will be levied for the redemption of Class B Units after 4 years of their issue.

No redemption charge will be levied for the redemption of Class A Units.

The details of the redemption charges are set out in "Charges and Expenses – Initial Charge, Redemption Charge and Switching Fee" on page 36 below.

A redemption request must be submitted to the Manager in person, sending it by post or by facsimile or through other authorized means as may from time to time specified by the Manager (unless the original is required by the Manager) and must specify:

(a) the name of the relevant Sub-Fund;
(b) the class and number of Units or the amount of monies to be redeemed;
(c) the name(s) of the registered holder(s); and
(d) payment instructions for the redemption proceeds.

Investors/ Unitholders should be reminded that if they choose to send redemption requests by facsimile or any other means without submitting the original, they bear their own risk of the requests not being received or repeatedly received or being illegible. None of the Manager, the Trustee and/or their respective agents shall be responsible to an investor/ Unitholder for any loss resulting from non-receipt or duplicate receipt or illegibility of any redemption request sent by facsimile or any other means without submitting the original.

Applications for redemption of Units may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Unitholders should note that applications made through such means may involve different dealing procedures, such as earlier cut-off time. As such, Unitholders who intend to redeem Units through fund distributors other than the Manager or place redemption orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Redemption requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Redemption requests in writing (including by facsimile) received by the Manager after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

Units of the relevant class realised on a Dealing Day will be redeemed at a price calculated by reference to the Net Asset Value per Unit of that class of the relevant Sub-Fund as at that Dealing Day (for further details, see "Calculation of Net Asset Value and Issue and Redemption Prices" on pages 32 to 34 below).

Payment of Redemption Proceeds

Except otherwise waived by the Manager, redemption proceeds will not be paid to any redeeming Unitholder until (a) the written receipt of the redemption duly signed by the Unitholder has been submitted to the Manager in person, sent by post or by facsimile or other means from time to time determined by the Manager (unless the original is required by the Manager) and received by or on behalf of the Manager and (b) where the Trustee so requires, the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee.

Investors/ Unitholders should be reminded that if they choose to send redemption requests by facsimile or any other means without submitting the original, they bear their own risk of the requests not being received or repeatedly received or being illegible. None of the Manager, the Trustee and/or their respective agents shall be responsible to an investor/ Unitholder for any loss resulting from non-receipt or duplicate receipt or illegibility of any redemption request sent by facsimile or any other means without submitting the original.

Redemption proceeds will be paid in the currency in which the particular class of Units of the relevant Sub-Fund being redeemed are denominated.

Redemption proceeds from the BOCIP HK Dollar Money Market Fund will normally be paid in HK dollars.

Where the Manager is unable to convert any RMB proceeds derived from realisation of RMB denominated investments to HK dollars as a result of the existence of any circumstance that is beyond the reasonable control of the Manager, such as exchange restrictions or other legal or regulatory requirements, the Manager reserves the right to pay redemption proceeds for non-RMB denominated Units in RMB.

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

Unitholders may, however, request the proceeds to be paid in other currencies, in which case, the proceeds will be converted to the requested currency at the prevailing exchange rate. Any exchange rate risk will be borne by the Unitholder concerned and the Unitholder may be required to pay a handling fee.

Subject as mentioned above and so long as relevant account details have been provided, redemption proceeds will be paid by telegraphic or bank transfer (less the cost of effecting such telegraphic or bank transfer), normally within 5 Business Days after the relevant Dealing Day and in any event within one month of the relevant Dealing Day (unless payment of redemption proceeds has been suspended – see "Restrictions on Redemption" on page 29 below) or, if later, after duly completed redemption documentation has been submitted to the Manager in person, sent by post or by facsimile or other means from time to time determined by the Manager (unless the original is required by the Manager) and received by the Manager. Request by the redeeming Unitholder to make the payment to a third party will not be accepted unless approval is obtained from the Manager or additional supporting documents as may be required by the Manager or the Trustee are provided or the relevant requirement is waived by the Manager. Where a redemption request provides for the redemption proceeds to be paid to any person other than the registered Unitholder(s) or to be paid by telegraphic or bank transfer to a bank account in Hong Kong, the signature of the Unitholder or (in the case of joint Unitholders) each Unitholder on that redemption request must be verified to the satisfaction of the Trustee. If relevant account details are not provided, redemption proceeds will be paid to the redeeming Unitholder (or to all Unitholders in case of joint Unitholders) at the Unitholder's risk by cheque in HK dollars (or the currency in which the particular class of Units of the relevant Sub-Fund being redeemed are denominated). In the case of joint Unitholders, the cheque will be drawn in the names of all Unitholders. Bank charges (if any) incurred in making payment will be borne by the redeeming Unitholder and accordingly will be deducted from the redemption proceeds.

Payment of Redemption Proceeds by Distribution in Specie

Notwithstanding the above, the Manager shall in its discretion be entitled to serve a notice in writing on the relevant Unitholder(s) within 2 Business Days of receipt of such redemption request and subject to the relevant Unitholder(s)' consent, may effect a redemption payment to the relevant Unitholders in specie or in kind rather than in cash. The circumstances in which the Manager envisages exercising this discretion include, without prejudice to the generality of the foregoing, a situation where substantial redemption requests are received by the relevant Sub-Fund which will make it impracticable to realise the underlying securities in order to fund the redemption payments. In making redemption payments in specie or in kind, the Manager will use the same valuation procedures used in determining the Net Asset Value of the Sub-Fund (for further details, see "Calculation of Net Asset Value and Issue and Redemption Prices" on pages 32 to 34 below) when determining the value to be attributed to the relevant securities to be transferred or assigned or otherwise made available to the redeeming Unitholders. Redeeming Unitholders will receive securities of a value equal to the redemption payment to which they would otherwise be entitled. Redeeming Unitholders receiving the redemption payment in specie or in kind will be responsible for all custody and other costs involved in changing the ownership of the relevant securities from the Sub-Fund to the redeeming Unitholder and for all ongoing custody costs in respect of such securities.

Restrictions on Redemption

The Manager shall suspend the redemption of Units and/or may delay the payment of redemption proceeds during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for further details see "Suspension of Dealings and Determination of Net Asset Value" on page 34 below).

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 by the Trustee) to 10% of the latest available Net Asset Value of such Sub-Fund. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units in that Sub-Fund on that Dealing Day will redeem the same proportion by value of such Units, and Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next Dealing Day and the redemption price will then be determined by reference to the Net Asset Value per Unit on such next Dealing Day. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned.

No Unitholder shall be entitled to realise only part of his holding of Units of any class of a Sub-Fund if:

(i) such redemption would result in his holding in that class of Sub-Fund after such redemption being less than HK$10,000 (or its equivalent amount in the currency in which the particular class of Units are denominated); or

(ii) the amount of proceeds realised from that class of Sub-Fund is less than HK$10,000 (or its equivalent amount in the currency in which the particular class of Units of the relevant Sub-Fund being redeemed are denominated).

However, the Manager reserves the right to waive such minimum holding and redemption requirements of the Sub-Funds for any Unitholder.

Furthermore, Unitholders are not allowed to realise any Units prior to the date falling seven days after the Dealing Day on which such Unit was acquired by such Unitholders or if earlier, the date of receipt of payment in cleared funds for such Unit.

Compulsory Redemptions under Certain Circumstances

The Fund and/or the Sub-Funds may compulsorily redeem a Unitholder's units in any Sub-Fund (or any part thereof) upon reasonable notice as if the Unitholder had requested the redemption of such units and close any accounts held by a Unitholder for the Unitholder's investments in the Sub-Fund(s) if:

(a) the Unitholder is or becomes or is holding the Units for the account of or benefit of (i) a US Person (as defined in Regulation S under the United States Securities Act of 1933 (as amended)); or (ii) a US Person for FATCA purpose; or (iii) any other Unqualified Person (as defined in the "Definitions" section on page 4);

(b) the Unitholder refuses or fails to provide in a timely manner any information or documents or other assistance as reasonably requested by the Manager and/or the Trustee for the purpose of meeting any demands, disclosure or reporting requirements as may be required under any applicable local or foreign laws and regulations issued by regulatory or governmental authorities of relevant jurisdiction, including but not limited to FATCA or any IGA entered into between the US and Hong Kong in connection with FATCA (including any Hong Kong laws and regulations implemented as part of such IGA);

(c) the Unitholder withdraws consent to the reporting or disclosure of any information or documents relating to the Unitholder or the Unitholder's investments as may be required under any applicable local or foreign laws and regulations issued by regulatory or governmental authorities of relevant jurisdiction, including but not limited to FATCA or any IGA entered into between the US and Hong Kong in connection with FATCA (including any Hong Kong laws and regulations implemented as part of such IGA);

(d) the continued holding of units by the Unitholder will subject the Manager, the Trustee, the Fund, the Sub-Funds and/or service providers of the Fund or Sub-Funds to any reporting or withholding requirements under any applicable local or foreign laws and regulations issued by regulatory or governmental authorities of relevant jurisdiction, including but not limited to FATCA or any IGA entered into between the US and Hong Kong in connection with FATCA (including any Hong Kong laws and regulations implemented as part of such IGA); or

(e) it is, in the opinion of the Manager, required for the purpose of complying with any applicable local or foreign laws and regulations issued by regulatory or governmental authorities of relevant jurisdiction, including but not limited to FATCA or any IGA entered into between the US and Hong Kong in connection with FATCA (including any Hong Kong laws and regulations implemented as part of such IGA).

The Manager has a right to withhold, set-off or deduct reasonable amounts from the redemption proceeds, provided that: (i) such withholding, set-off or deduction is permitted by applicable laws and regulations; and (ii) the Manager is acting in good faith and on reasonable grounds.

The Manager will notify the Trustee and/or the other relevant service providers before any such redemption is made or any closing of account is done.

LIQUIDITY RISK MANAGEMENT

Unitholders should be aware of the potential impact of the liquidity risk on the Sub-Funds. For details, please refer to risk factor headed "(u) Liquidity Risk" under the sub-section headed "Risk Factors" above.

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

The Manager's liquidity management policy takes into account the investment strategy, liquidity profile, and redemption policy for each Sub-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 each Sub-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" on pages 27 to 30, and will facilitate compliance with each Sub-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 each Sub-Fund under normal and exceptional market conditions.

The liquidity risk management tools include implementation and maintaining of appropriate liquidity limits for each Sub-Fund, adoption of swing pricing strategy and mechanism in the determination of the issue price or redemption price per Unit of the relevant Sub-Fund and performing periodic stress testing of the liquidity risk of each Sub-Fund under both normal and exceptional liquidity conditions to check whether anticipated redemption requests can be met. In exceptional circumstances, suspension of dealings and procedures such as deferring payment of redemption proceeds (as set out in sub-section headed "Payment of Redemption Proceeds" on pages 28 to 29 above), limiting the number of Units to be redeemed and deferring the redemption (as set out in sub-section headed "Restrictions on Redemption" on page 29 above), or applying in-specie or in-kind redemptions (as set out in sub-section headed "Payment of Redemption Proceeds by Distribution in Specie" on page 29 above) may be used. Investors should refer to the relevant sub-sections mentioned above for further details as to when the tools may be used and their potential impacts.

SWITCHING BETWEEN SUB-FUNDS

Subject to the consent of the Manager and any requirements or restrictions (whether operational, legal, regulatory or otherwise) applicable to any specified class of Units or any Sub-Fund, Unitholders will have the right (subject to any suspension in the determination of the Net Asset Value of any relevant Sub-Fund) to switch all or part of their Units of any class relating to a Sub-Fund (the "Current Class") into (i) Units of a different class (denominated in a different currency) relating to the same Sub-Fund or (ii) Units of the same class relating to another Sub-Fund (the "New Class") by giving notice in writing (including by facsimile) to the Manager.

Switching requests in writing (including by facsimile) received by the Manager prior to 5:00 p.m. (Hong Kong time) on a Dealing Day will be dealt with on that Dealing Day. Switching requests in writing (including by facsimile) received after such time or on a day which is not a Dealing Day will be carried forward and dealt with on the next Dealing Day.

A switching request may be submitted in person, sent by post or by facsimile or other means from time to time determined by the Manager (unless the original is required by the Manager).

Investors/ Unitholders should be reminded that if they choose to send switching requests by facsimile or any other means without submitting the original, they bear their own risk of the requests not being received or repeatedly received or being illegible. None of the Manager, the Trustee and/or their respective agents are responsible to an investor/ Unitholder for any loss resulting from non-receipt or duplicate receipt or illegibility of any request sent by facsimile or any other means without submitting the original.

Switching requests may also be placed through other authorized fund distributors or made through other authorized means as may from time to time specified by the Manager in the Manager's webpage (www.boci-pru.com.hk). Applicants should note that applications made through such means may involve different dealing procedures, such as earlier application cut-off time. As such, applicants who intend to place switching requests through fund distributors other than the Manager or place switching orders through other authorized means should consult the relevant fund distributor or the Manager to find out the dealing procedures that are applicable to them.

Unitholders should note that in respect of applications to switch into Money Market Sub-Fund(s) from time to time established under the Fund, currently BOCIP HK Dollar Money Market Fund, the relevant applications will not be processed unless the redemption proceeds of the Sub-Fund(s) switched out by the Unitholders that are used to subscribe to the Money Market Sub-Fund(s) in cleared funds are received on the relevant Dealing Day.

The price at which the whole or any part of a holding of Units of the Current Class being switched on any Dealing Day into Units of the New Class will be determined by reference to the redemption price of the Current Class and issue price of the New Class on the relevant Dealing Day. Unless otherwise specified in "Charges and Expenses – Initial Charge, Redemption Charge and Switching Fee" on page 36, no initial charge or redemption charge will be levied.

In respect of switching of Class B Units, redemption of the Current Class will be effected on a "First In First Out" basis, i.e. the first Unit to be redeemed will be the Unit which was first subscribed.

The Manager is entitled to levy a switching fee which is expressed as a percentage of the issue price per Unit of the New Class to be issued. The switching fee will be deducted from the amount re-invested into the New Class of Units. The amount of switching fee is set out in "Charges and Expenses - Initial Charge, Redemption Charge and Switching Fee" on page 36.

No switching will be allowed during any period when the determination of the Net Asset Value of any relevant Sub-Fund is suspended (for further details, see "Suspension of Dealings and Determination of Net Asset Value" on page 34). Unitholders should also note that, unless the Manager agrees otherwise, the requirements on minimum subscription and subsequent holding as set out in the section "Minimum subscription and subsequent holding" on page 26 and the restrictions on redemption (including the minimum holding requirement after redemption and the minimum redemption amount) as set out in the section "Restrictions on Redemption" on page 29 shall also be applicable in the case of switching.

CALCULATION OF NET ASSET VALUE AND ISSUE AND REDEMPTION PRICES

Valuation of each Sub-Fund shall be ascertained and the issue and redemption prices per Unit of each class shall be calculated in accordance with a policy established by the Manager in consultation with the Trustee and the Trust Deed as at close of business in the last relevant market to close or such other time as the Manager may determine in consultation with the Trustee on each Dealing Day. In general, the value of the investments in the Sub-Funds shall be determined as follows:

(i) except in the case of any interest in a collective investment scheme to which paragraph (ii) applies and subject as provided in paragraph (vi) below, the value of any investments quoted, listed, or normally dealt in on any market shall be calculated by reference to the last traded price on the relevant Dealing Day or (if no last traded price is available) the latest available traded price or midway between the latest available market dealing offered price and the latest available market dealing bid price or such other price as the Manager may, in consultation with the Trustee, consider appropriate and adopt for the relevant Sub-Fund on the principal market on which such investments is quoted, listed or ordinarily dealt in and in determining such prices, the Manager in consultation with the Trustee shall be entitled to use and rely on electronic price feeds from such source or sources as the Manager may from time to time determine notwithstanding that the prices so used are not such prices;

(ii) subject as provided in paragraphs (iii) and (vi) below, the value of each unit, share or other interest in any Collective Investment Scheme which is valued as at the same day as the relevant Sub-Fund shall, if available, be the net asset value per unit or share in such Collective Investment Scheme as at that day or, if the Manager so determines, or if such Collective Investment Scheme is not valued as at the same day as the Sub-Fund or if the net asset value per unit or share of such Collective Investment Scheme is not available, the value of such interest shall be the last available net asset value per unit, share or other interest in such Collective Investment Scheme;

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

(iv) the value of any investment which is not quoted, listed or ordinarily dealt in on a market shall be the initial value thereof equal to the amount expended out of the relevant 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 at any time in consultation with the Trustee and shall at such times or at such intervals as the Manager and the Trustee may agree, cause a revaluation to be made by a professional person agreed with the Trustee as qualified to value such investments;

(v) cash, deposits and similar investments shall be valued at their face value (together with accrued interest up to a reasonable cut-off time as may be agreed between the Manager and the Trustee) unless, in the opinion of the Manager, any adjustment should be made to reflect the fair market value thereof;

(vi) notwithstanding the foregoing, the Manager may in consultation with the Trustee adjust the value of any cash, deposits and/or 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

(vii) the value of any investment (whether of a security or cash) otherwise than in the currency of the relevant Sub-Fund shall be converted into the currency of such Sub-Fund at the rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

The annual report and accounts of the Fund is prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). According to the Trust Deed and as mentioned above, the Sub-Funds will have their valuation policy(ies), such as the value of investments quoted, listed, or normally dealt in on any market are generally made by reference to the last traded price as at the relevant valuation time while cash, deposits and similar Investments are generally valued at their face value together with accrued interest up to the relevant cut-off time. Investors should note that the valuation policy of a Sub-Fund may not be exactly the same as those under HKFRS. In the event that a Sub-Fund's valuation policy deviates from those under the HKFRS, the Manager may make necessary adjustments in the financial reports of the Fund for the financial reports to comply with HKFRS and will include in the relevant Sub-Fund's annual accounts a reconciliation note to reconcile values shown in the financial reports determined under HKFRS to those derived by applying the valuation rules of the relevant Sub-Fund. Such adjustments could avoid non-compliance with HKFRS, which if arises, may result in the auditor qualifying its opinion on the annual financial reports, depending on the nature and level of materiality of the non-compliance.

Calculation of Issue and Redemption Prices

The number of undivided shares in a Sub-Fund represented by a Unit of a class relating to such Sub-Fund is adjusted on each Dealing Day in order to take account of the different nature of the classes and different levels of fees borne by the different classes of Unit in the relevant Sub-Fund.

In respect of a Sub-Fund, the issue and redemption prices of Units of a class (whether they are denominated in base currency or non-base currency, and whether they are of an accumulation class or distribution class) of the Sub-Fund on a Dealing Day shall be determined by (i) calculating the Net Asset Value of the relevant Sub-Fund in its base currency as at such Dealing Day before the deduction of any liabilities or the addition of any assets attributable specifically to the class of Units in question; (ii) apportioning such Net Asset Value amount between each class of Units relating to such Sub-Fund by reference to the numbers of undivided shares in the relevant Sub-Fund represented by all Units of each class of Units relating to such Sub-Fund in issue; (iii) deducting or adding the liabilities and assets specifically attributable to the class of Units in question from or to such apportioned amount; (iv) for each class of Units, dividing the resulting sum in the base currency of the Sub-Fund by the number of Units of the relevant class in issue immediately prior to the relevant Dealing Day for such class of Units to obtain the price in the base currency of the Sub-Fund; (v) swing factor(s) (in the form of an adjustment percentage) which the Manager deems appropriate may be applied to the price in the base currency of the Sub-Fund to account for the costs of buying or selling the underlying investments, based on such swing pricing strategy and mechanism as may be adopted from time to time by the Manager; (vi) for the non-base currency class of Units only, converting such price to the non-base currency of such class based on an exchange rate which the Manager shall deem appropriate in the circumstances having regard to (and applying) any premium or discount which may be relevant and to costs of exchange; and (vii) rounding the resulting price of the base currency Units and non-base currency Units to the 4th decimal place of the base currency or non-base currency (as the case may be) of the relevant Sub-Fund (and in the case of 0.00005 of such minimum unit or above, rounded up).

Any rounding as a result of determining the issue price or redemption prices shall be retained for or borne by the relevant class of Units of the Sub-Fund.

For more information relating to the issue prices and redemption prices of Units of a class denominated in a currency other than the base currency of a Sub- Fund, please refer to the sections headed “Initial Issue of Units” and “Redemption of Units” on the relevant term sheet in respect of the relevant Sub-Fund.

As set out in (v) above, the Manager has the discretion to adopt a swing pricing strategy and mechanism in order to mitigate the dilution effect on the Sub-Funds associated with the costs of buying or selling underlying investments conducted by the Manager as a result of subscription, redemption or switching of Units in the Sub-Funds.

Under the current swing pricing strategy as adopted by the Manager, the Manager may apply swing factor(s) (in the form of an adjustment percentage) in the determination of the issue price or redemption price per Unit where the net amount of subscription or redemption of the Sub-Fund exceeds a pre-determined swing threshold. Such pre-determined swing threshold will be determined, reviewed and adjusted (if needed) on a periodic basis by the Manager and may vary for each Sub-Fund. The Manager will consult the Trustee prior to any adjustment to the pre-determined swing threshold and such adjustment would only be made where the Trustee has no objection to it.

Under normal market circumstances, the swing factor(s) will not exceed 2% of the price in the base currency of the Sub-Fund on the relevant Dealing Day, as calculated in (iv) above. Under critical market circumstances (such as financial crisis or natural disaster), the Manager may increase the swing factor(s) above 2% in order to protect the best interests of the Unitholders. In such circumstances, the Manager will notify the investors of the increased swing factor through the Manager’s website and apply the revised swing factor with immediate effect.

The resulting issue price or redemption price per Unit of the Sub-Fund on the relevant Dealing Day will be increased by the swing factor where the net amount of subscription on the relevant Dealing Day exceeds the applicable pre-determined swing threshold, or decreased by the swing factor where the net amount of redemption on the relevant Dealing Day exceeds the applicable pre-determined swing threshold. Such swing factor will apply for all classes of Units within the Sub-Fund. Depending on the circumstances, investors for new Units may subscribe at a higher issue price and existing Unitholders may redeem at a lower redemption price.

Currently, the swing pricing strategy does not apply to the money market funds and fund of funds which include but not limited to the following Sub-Funds:
(a) BOCIP HK Dollar Money Market Fund
(b) BOCIP Short Term HKD Money Market Fund

The Manager is entitled to an initial charge on the issue of Class A Units which will be retained by the Manager for its own use and benefit. The maximum initial charges that can be levied for the issue of Class A Units of each Sub-Fund are set out in “Charges and Expenses – Initial Charge, Redemption Charge and Switching Fee” on page 36 below. The Manager may waive or reduce the initial charge for any Unitholder as the Manager may consider appropriate.

No initial charge will be levied for the issue of Class B Units for any Sub-Funds.

The Manager is entitled to a redemption charge on the redemption of Class B Units which shall be retained by the Manager for its own use and benefit. The maximum redemption charges that can be levied for Class B Units of each Sub-Fund are set out in "Charges and Expenses – Initial Charge, Redemption Charge and Switching Fee" on page 36 below. The Manager may waive or reduce the redemption charge for any Unitholder as the Manager may consider appropriate.

Suspension of Dealings and Determination of Net Asset Value

The Manager may in consultation with the Trustee and having regard to the best interests of the Unitholders, declare a suspension of the dealings of the Units and the determination of the Net Asset Value of any Sub-Fund for the whole or any part of any period during which:

(a) there is a closure or restriction or suspension of trading on any securities market on which a substantial part of the investments of that Sub-Fund is normally traded or a breakdown in any of the means normally employed in determining the Net Asset Value of a Sub-Fund or ascertaining the prices of investments or the issue and redemption prices of Units. Sub-Funds that are affected by any market suspension will generally not accept subscription, redemption or switching orders received after the occurrence of market suspension and not to process such orders on the same day; or

(b) for any other reason the prices of investments of that Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and 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 of that Sub-Fund or it is not reasonably practicable to do so without seriously prejudicing the interests of Unitholders in such Sub-Fund; or

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

The Manager shall notify the SFC immediately upon any suspension of dealings of Units and the determination of the Net Asset Value of any Sub-Fund, and shall publish a notice of suspension immediately following such suspension and at least once a month during the suspension on the website maintained by the Manager for the Sub-Fund and/or in one leading Hong Kong English language and one Chinese language daily newspaper or through such other means as the Manager considers appropriate and/or cause a notice to be given to Unitholders and to all those (whether Unitholders or not) whose applications to subscribe for or redeem Units shall have been affected by such suspension stating that such declaration has been made.

No Units in a Sub-Fund may be issued, redeemed, or switched during suspension of dealings of Units. The application for subscription, redemption (but only if the redemption of Units has not been effected on a Dealing Day prior to that suspension) or switching before the declaration of suspension may be withdrawn during the suspension. If the Manager does not receive the withdrawal written request from the applicant during the suspension period, the subscription, redemption or switching will be processed on the first Dealing Day immediately after the termination of the suspension.

As soon as practicable after resumption of dealings and/or the determination of the Net Asset Value of the Sub-Fund, the Manager shall, having regard to the interests of Unitholders, publish a notice of such resumption on the website maintained by the Manager for the Sub-Fund and/or in one leading Hong Kong English language and one Chinese language daily newspaper or through such other means as the Manager considers appropriate. The Manager shall notify the SFC immediately upon such resumption.

DISTRIBUTION POLICY

The Manager does not intend to make distributions in respect of BOCIP HK Dollar Money Market Fund and any income earned by the Sub-Fund will be reinvested in the Sub-Fund and reflected in the value of Units of the relevant class of the Sub-Fund.

REGULAR SAVINGS PLAN

Investors who invest in Class A Units may elect to participate in the regular savings plan offered by the Manager. Under the regular savings plan, investors should make monthly contributions to his account on the 5th and/or 20th of each month and the amount of each such contribution shall not be less than HK$1,000 (inclusive of any initial charge). No other currency will be accepted. Investors may also decide the period during which they want to participate in the plan in accordance with their own need and financial planning and there is no minimum participating period prescribed for the plan. No fees will be levied on the opening and closure of the regular savings plan account.

An investor does not need to be an existing Unitholder in order to participate in the regular savings plan.

Contributions to the regular savings plan must be made through direct debit from such Hong Kong dollar account as may be designated by the Unitholder. If an investor decides to participate in the regular savings plan, he must submit an application to the Manager at least 21 days before the day on which the first contribution is proposed to be made and successfully arrange for the direct debit authorisation before the first contribution. Any application must be made in the format prescribed by the Manager. If the 5th or 20th of the month is not a Business Day, the direct debit will be effected on the Business Day which immediately follows. If, as a result of the default of the investor, the direct debit cannot be effected successfully on the 5th and/or 20th (as the case may be) of a month or the Business Day which immediately follows (in the event that the 5th or 20th of the month is not a Business Day), no subscription will be accepted for that month under the regular savings plan. Furthermore, if as a result of the default of the investor, the direct debit cannot be effected successfully for 2 consecutive months, the regular savings plan will be suspended and no further contributions will be accepted under the plan until the investor submits a request to the Manager to re-activate the plan and such request has been accepted by the Manager.

Contributions made under the regular savings plan will be invested in Class A Units of such Sub-Fund or Sub-Funds which the investors may from time to time decide provided that the investment in a Sub-Fund each time must not be less than HK$1,000 (inclusive of any applicable initial charge). Units will be issued to the Unitholders as at the fifth Business Day after the day on which the direct debit is made.

Investors may switch their Class A Units of any Sub-Fund under the regular savings plan to the same class of Units in another Sub-Fund in accordance with the provisions set out in the "Switching Between Sub-Funds" section on page 31 and there is no limit in the number of switching allowed in a year. The Manager may also levy a switching fee upon switching of the Units. The amount of switching fee is set out in "Charges and Expenses – Initial Charge, Redemption Charge and Switching Fee" on page 36.

Investors should note that unless the Manager agrees otherwise, a 14 days prior notice must be given to the Manager for cessation of contributions in the regular savings plan and a 21 days prior notice must be given to the Manager for any amendment made to the regular savings plan.

The regular savings plan is not available to investors who invest in Class B Units of the Sub-Funds. Currently, no Class B Units will be available for subscription by investors.

CHARGES AND EXPENSES

Management Fee and Servicing Fee

The Manager is entitled to receive a management fee for each Sub-Fund calculated as a percentage of the Net Asset Value of the relevant class of Units of Sub-Fund. The management fee will be deducted from the assets of the Sub-Fund. The current and the maximum management fee the Manager may levy shall be as follows:

	Current Rate of Management Fee (p.a.)	
	Class A Units	Class B Units
BOCIP HK Dollar Money Market Fund	0.25%*	0.25%*

*As the current underlying fund for BOCIP HK Dollar Money Market Fund is BOCHK HK Dollar Money Market Fund, which is managed by the Manager at present, the aggregate management fee payable to the Manager in relation to BOCIP HK Dollar Money Market Fund and BOCHK HK Dollar Money Market Fund will not exceed 0.25%.

The maximum management fee for both the Class A Units and Class B Units of the BOCIP HK Dollar Money Market Fund is 1% of its Net Asset Value per annum.

In addition, the Manager is entitled to receive a servicing fee for the Class B Units of each Sub-Fund (if applicable) calculated as a percentage of the Net Asset Value of such Class B Units. The servicing fee will be deducted from the assets of the Class B Units. The current and the maximum servicing fee the Manager may levy is 1% per annum of the Net Asset Value of the relevant Class B Units. No servicing fee will be levied for the Class A Units.

As the current underlying fund for BOCIP HK Dollar Money Market Fund is BOCHK HK Dollar Money Market Fund, which is managed by the Manager at present, the aggregate servicing fee payable to the Manager in relation to Class B Units of the BOCIP HK Dollar Money Market Fund and BOCHK HK Dollar Money Market Fund will not exceed 1%.

Both the management fee and servicing fee are calculated and accrues on each Dealing Day and are paid monthly in arrears.

The Manager may decrease the rate of management fee or servicing fee in respect of any class of Units of Sub-Fund by giving a notice to the Trustee. The Manager may also increase the rate of management fee or servicing fee payable in respect of any class of Units of Sub-Fund (up to the maximum rate as set out above) on giving not less than 3 months notice of such increase to affected Unitholders and the Trustee.

Initial Charge, Redemption Charge and Switching Fee

The Manager is also entitled to receive an initial charge and redemption charge on the issue and redemption of Units in each Sub-Fund and a switching fee in the switching of Units. The amount of such fees and charges are set out below:

Applicable to Class A Units of the Sub-Fund	Initial Charge for Initial Period and Subsequent Issue *(expressed as a percentage of the issue price)*
BOCIP HK Dollar Money Market Fund	0%

No redemption charge will be levied for the redemption of the Class A Units of each Sub-Fund.

Applicable to Class B Units of each Sub-Fund (if applicable)	Redemption Charge *(expressed as a percentage of the redemption price of the Class B Units as at the Dealing Day on which they are redeemed)*
Redemption within the first year of issue	4%
Redemption within the second year of issue	3%
Redemption within the third year of issue	2%
Redemption within the fourth year of issue	1%
Redemption after the fourth year of issue	0%

	Switching Fee *(expressed as a percentage of the issue price of the New Class of Units to be issued)*	
Switching of Units	Class A	Class B
	1% (For switching into a different class (denominated in a different currency) of Class A Units relating to the same Sub-Fund or switching into Class A Units of another Sub-Fund which is not a Money Market Sub-Fund ("Non-Money Market Sub-Fund")*) Nil (For switching into Units of a Money Market Sub-Fund)	Nil

* If Units are switched from a Money Market Sub-Fund ("Switch-Out Money Market Sub-Fund") into a Non-Money Market Sub-Fund ("Switch-In Non-Money Market Sub-Fund"), an initial charge applicable to the Switch-In Non-Money Market Sub-Fund (instead of the 1% switching fee) will be levied in respect of such Units as a result of the switching where the Manager has determined that no initial charge has ever been levied for Units of such Switch-Out Money Market Sub-Fund. For this purpose, the Manager will determine that no initial charge has ever been levied for the Units of a Money Market Sub-Fund if (i) such Units were issued to the Unitholder directly as a result of a subscription received by the Manager or the Trustee; or (ii) those Units were not previously switched from Units of a Non-Money Market Sub-Fund. In making such a determination, the Manager may make such assumptions as it considers appropriate.

The switching fee shall be deducted from the amount reinvested into the Sub-Fund relating to Units of the New Class and shall be retained by or paid to the Manager for its own absolute use and benefit.

The Manager may share any fees it receives with distributors or agents procuring subscriptions to the Fund. The Manager and its associates may with the consent of the Trustee deal with any Sub-Fund, both as principal and agent, and, subject as provided below, may retain any benefit which they receive as a result.

The Trustee is entitled to receive the following fees in respect of the Fund. The current levels of the fees are set out below:

Inception Fee

- for the establishment of the Fund
  up to HK$30,000

- for the establishment of BOCIP HK Dollar Money Market Fund
  up to HK$20,000

- subsequent Sub-Funds
  up to HK$30,000 per Sub-Fund

The Trustee may, at its sole discretion, waive part or all of the inception fee as it considers appropriate.

Trustee Fee

In respect of trust administrative and fiduciary services provided by the Trustee for the Sub-Funds, the Trustee is entitled to receive a Trustee Fee of up to 1% per annum of its net asset value in respect of each Sub-Fund. The current level of Trustee Fee for a Sub-Fund is shown below.

Sub-Fund applicable	Rate of Trustee Fee (p.a.)
BOCIP HK Dollar Money Market Fund	NIL

In performing its role as the trustee of the underlying fund of BOCIP HK Dollar Money Market Fund, that is, BOCHK HK Dollar Money Market Fund, the Trustee currently charge the following fee for services rendered in relation to the underlying fund:

Underlying Fund	Rate of Trustee Fee (p.a.)
BOCHK HK Dollar Money Market Fund	0.125% on the first HK$200 million of the net asset value of the Underlying Fund; 0.10% on the next HK$200 million of the net asset value of the Underlying Fund; 0.0875% on the remaining balance of the net asset value of the Underlying Fund; Subject to a minimum monthly fee of HK$20,000

The trustee fee will be deducted from the assets of the relevant Sub-Funds. In respect of each Sub-Fund, the Trustee may increase the rate of the trustee fee up to 1% per annum on giving not less than 3 months notice of such increase to the affected Unitholders and the Manager. The trustee fee is accrued daily, calculated on each Dealing Day and is paid monthly in arrears.

In addition, the Trustee is entitled to (i) transaction and processing fees in accordance with its normal scales as agreed with the Manager; (ii) a termination fee upon termination of the Fund or Sub-Fund at such rates as may be agreed between the Trustee and the Manager, failing which, in accordance with the normal commercial rates of the Trustee at the time of termination; and (iii) such other fees as may be permitted under the Trust Deed.

Other Charges and Expenses

Each Sub-Fund will bear the costs and expenses set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, each Sub-Fund will bear such costs in proportion to its respective net asset value or in such other manner as the Manager shall consider appropriate. Such costs include but are not limited to the costs incurred in the establishment, structuring, management and administration of the Fund and its Sub-Funds, the costs of investing and realising the investments of the Sub-Funds, the fees and expenses of custodians and sub-custodians of the assets of the Fund, the fees and expenses of the auditors, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of holding meetings of Unitholders and the costs incurred in the preparation and printing of any explanatory memorandum, any audited accounts or interim reports which are sent to the Unitholders.

In addition, each Sub-Fund will bear a due proportion of the costs and expenses incurred by the Manager and the Trustee in establishing the Fund. The costs and expenses incurred in respect of the establishment of the Sub-Funds initially established under the Fund have been fully amortised over the first accounting period after consultation with the auditors.

The first accounting period of BOCIP HK Dollar Money Market Fund was from the close of its Initial Period to 31 December 2010. Subsequent accounting periods of the Sub-Fund are from 1 January of each year to 31 December of the next following year.

In addition to the above, Unitholders may be required to pay any requisite governmental tax, stamp duty, registration fee, custody and nominee charges as may be required in the purchase or sale of the Units under the Fund.

Potential Conflict of Interest, Transactions with Connected Persons and Soft Commissions

The Manager and the Trustee or their connected persons may, from time to time, act as manager, investment adviser, trustee or as custodian or in such other capacity in connection with or be otherwise involved in or with any other collective investment schemes separate and distinct from the Fund and any Sub-Fund, including those that have similar investment objectives to those of the Sub-Funds, or contract with or enter into financial, banking or other transaction with one another or with any investor of a Sub-Fund, or any company or body any of whose shares or securities form part of a Sub-Fund or may be interested in any such contract or transaction and shall not be liable to account to the Fund or any Sub-Fund or any investor of the Fund or any Sub-Fund for any profit or benefit made or derived thereby or in connection therewith. It is, therefore, possible that any of the Manager, the Trustee or their connected persons may, in the course of business, have potential conflicts of interest with any Sub-Fund.

Each of the Manager, the Trustee or their connected persons will, at all times, have regard in such event to its obligations to the Sub-Funds and the investors and will endeavour to ensure that such conflicts are resolved fairly.

The Manager has an established policy in relation to the identification and monitoring of potential conflicts of interest scenarios. There are functional separation of different areas of operations to control the flow of information that may be confidential and/or price sensitive. Computer and information system with appropriate access controls have been put in place by the Manager. Key duties and functions are segregated among different departments. The Manager has adopted trading policies which are designed to ensure the fair allocation of investment opportunities among funds, investment vehicles or accounts that the Manager manages or advises. A designated risk management and portfolio control team and compliance team of the Manager will monitor the implementation of such trading policies and dealing procedures with overall monitoring by the senior management of the Manager.

The Trustee will keep and maintain proper books of accounts, records and documents for each fund or scheme under their trusteeship and segregate the assets of different funds or schemes. The Trustee will keep data and information in relation to the portfolio of each fund/scheme confidential.

The Manager and the Trustee shall act in a reasonable and prudent manner when handling any potential conflict of interest situation and take into account the interest of Unitholders and clients.

No person may be allowed to enter on behalf of the Sub-Fund into underwriting or sub-underwriting contracts without the prior consent of the Trustee and unless the Sub-Fund or the Manager provides in writing that all commissions and fees payable to the Manager under such contracts, and all investments acquired pursuant to such contracts, will form part of the Sub-Fund's assets.

If cash forming part of the Sub-Fund's assets is deposited with the Trustee, the Manager, investment delegate or any of their connected persons (being an institution licensed to accept deposits), such cash deposit shall be maintained in a manner that is in the best interests of the unitholders, having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm’s length in accordance with ordinary and normal course of business.

All transactions carried out by or on behalf of each Sub-Fund will be at arm’s length in the best interest of the Unitholders. Any transactions between any 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 Fund’s annual report.

Neither the Manager, investment delegate nor any of their connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the sub-fund’s property to the broker or dealer save that goods and services (soft dollars) may be retained if:

(a) the goods or 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 has been made in the Sub-Fund's offering document the terms of which the unithholder has consented to;

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

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

Goods and services falling within paragraph (a) above may include: 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 publication. Such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments.

In transacting with brokers or dealers connected to the Manager, investment delegate, the Trustee or any of their connected persons, the Manager, shall, save to the extent permitted under the UTMF Code or any waiver obtained from the SFC ensure that it complies with the following obligations:

(a) such transactions shall be on arm’s length terms;

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

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

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

(e) the Manager shall 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 relevant Sub-Fund’s annual report.

TAXATION

The following statements regarding taxation are based on advice received by the Fund regarding the law and practice in force in Hong Kong at the date of this document.

Hong Kong

The Fund is not expected to be subject to Hong Kong tax in respect of any of its authorised activities.

No tax will be payable by Unitholders in Hong Kong in respect of income distributions of the Fund or in respect of any capital gains arising on a sale, redemption or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

General

Investors should consult their professional financial advisers on the consequences to them of acquiring, holding, realising, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances.

GENERAL INFORMATION

Notices to Unitholders

Any notices or documents required to be sent to, served upon, lodged with or given to a Unitholder may be delivered by hand or sent by post to the address of the Unitholder. Such notices or documents may also be sent to the most recently available facsimile number of the Unitholder or by electronic mail or by other means of communication provided that the relevant Unitholder has consented to the use of such means.

Accounts and Reports

The Fund's year end is 31 December in each year. Audited accounts will be available within four months of the end of each financial year. Half-yearly unaudited interim reports up to the last Dealing Day in June in each year will be available within two months of the end of the period which they cover. Such reports will contain a statement of the value of the net assets of each Sub-Fund and the investments comprising its portfolio and will be published in both English and Chinese.

Once annual and interim reports are issued, Unitholders will be notified of where such reports, in printed and electronic forms, can be obtained. Notice will be given to the Unitholders as and when the reports are available. Once issued, the annual and interim reports will be available on the Manager's website (www.boci-pru.com.hk). A printed copy of the reports is also available for inspection at the Manager's office free of charge during normal working hours.

In respect of the BOCIP HK Dollar Money Market Fund, the annual audited account will include a statement of the investment portfolio of the master fund.

Publication of Net Asset Value per Unit

The Net Asset Value per unit for each class of the Sub-Funds shall be calculated on each Dealing Day and will be available on the Manager's website (www.boci-pru.com.hk) and/or published in South China Morning Post, Hong Kong Economic Journal, Hong Kong Economic Times or any other newspapers which the Manager may from time to time determine and notify the Unitholders. The Net Asset Value per Unit may also be made public free of charge by other means of dissemination as the Manager may from time to time determine and notify the Unitholders. The prices will be expressed exclusive of any initial charge or redemption charge which may be payable on subscription or redemption.

Unclaimed Proceeds

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

Removal and Retirement of the Trustee and the Manager

(a) The Trustee

Subject to the prior approval of the SFC,

(i) the Trustee may retire voluntarily if a new trustee has been appointed by the Manager and adequate arrangements have been made for the new trustee to assume the responsibility for administration of the Fund and for the Trustee's interest in the Fund to be transferred to the new trustee; and

(ii) the Manager may remove the Trustee by giving not less than 90 days prior notice in writing to the Trustee and appoint any other qualified company to act as the trustee of the Fund.

(b) The Manager

The Manager may be subject to removal by the Trustee if:

(i) the Manager commences liquidation or has gone into receivership or has entered into any scheme of arrangement or compromise with its creditors; or

(ii) for good and sufficient reason, the Trustee states in writing that a change of the Manager is desirable in the interest of the Unitholders; or

(iii) the Unitholders representing at least 50% in value of the Units outstanding (excluding those held or deemed to be held by the Manager) delivered to the Trustee a written request to dismiss the Manager.

If the authorisation of the Manager to act as investment manager of the Fund is withdrawn by the SFC, the Manager's appointment under the Fund shall be terminated as at the date on which the SFC's withdrawal becomes effective.

Apart from the above, the Manager may also retire voluntarily in favour of some other qualified company approved by the Trustee.

Termination of the 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:

Subject to the prior approval of the SFC, the Manager may terminate the Fund if:

(a) at any time one year after the establishment of the Fund the Net Asset Value of the Fund falls below an amount which is equivalent to HK$200,000,000; or

(b) the Fund ceases to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong or if any law is passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Fund.

Notice will be given to Unitholders if the Fund is terminated under the above circumstances. Such notice will be submitted to the SFC for prior approval and will contain the reasons for the termination, alternatives available to Unitholders and the expected costs involved.

Termination of a Sub-Fund

Subject to the prior approval of the SFC,

1. the Manager may terminate any Sub-Fund if:

    (a) at any time one year after the establishment of the Sub-Fund the Net Asset Value of that Sub-Fund falls below HK$40,000,000;

    (b) the Sub-Fund ceases to be authorised or otherwise officially approved pursuant to the Securities and Futures Ordinance of Hong Kong or if any law is passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Sub-Fund; and

2. Unitholders of the relevant class or classes may at any time terminate a Sub-Fund by extraordinary resolution.

Trust Deed

The Fund was established under Hong Kong law by a trust deed dated 31 March 2010, as amended, modified or supplemented from time to time. All holders of Units are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Trust Deed contains provisions for the indemnification of the Trustee and the Manager and their relief from liability in certain circumstances. Unitholders and intending applicants are advised to consult the terms of the Trust Deed. In the event of any conflict between any of the provisions of this Explanatory Memorandum and the Trust Deed, the provisions of the Trust Deed prevail.

Modification of Trust Deed

Subject to the prior approval of the SFC, where applicable, the Trustee and the Manager may agree to modify the Trust Deed by supplemental deed provided that in the opinion of the Trustee each of such modifications (i) is necessary to make possible compliance with fiscal or other statutory, regulatory or official requirements; and/or (ii) does not materially prejudice the interests of Unitholders, does not to any material extent release the Trustee, the Manager or any other person from any liability to the Unitholders; and does not increase the costs and charges payable from the assets of the Fund; and/or (iii) is necessary to correct a manifest error.

In all other cases modifications involving any material changes require the sanction of an extraordinary resolution of the Unitholders affected or the approval of the SFC.

Meetings of Unitholders

The Trust Deed provides for meetings of Unitholders to be convened by the Trustee or the Manager upon at least 21 days' notice. Notices of meetings of Unitholders will be posted to Unitholders.

Proxies may be appointed. The quorum at Unitholders' meetings is Unitholders present in person or by proxy holding not less than 10% (or, in relation to a resolution proposed as an extraordinary resolution, 25%) of the Units in issue. If a quorum is not present, the meeting will be adjourned for not less than 15 days. Separate notice of any adjourned meeting will be given, and at an adjourned meeting Unitholders whatever their number or the number of Units held by them will form a quorum.

An extraordinary resolution is required under the Trust Deed for certain purposes and is a resolution proposed as such and passed by a majority of 75 % of the total number of votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders holding different classes of Units where only the interests of Unitholders of a particular class are affected.

The Trust Deed provides that at any meeting of Unitholders, on a show of hands, every Unitholder who (being an individual) is present in person or (being a partnership or corporation) is present by an authorised representative shall have one vote and, on a poll, every Unitholder who is present as aforesaid or by proxy shall have one vote for every Unit of which he is the holder.

Transfer of Units

Subject as provided below, Units may be transferred by an instrument in writing in a form approved by the Trustee, signed 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 of the relevant class.

Documents Available for Inspection

Copies of the Trust Deed and the latest annual and semi-annual reports (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the office of the Manager, 27/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong. Copies of the Trust Deed can be purchased from the Manager on payment of a reasonable fee.

(i) This Explanatory Memorandum and any subsequent supplements to this Explanatory Memorandum, (ii) the latest annual and semi-annual reports of the Fund and (iii) other fund information are also available on the Manager's website (www.boci-pru.com.hk).

Enquiries and Complaints

Unitholders wishing to make an enquiry or a complaint about any Sub-Fund(s) should contact the Manager, BOCI-Prudential Asset Management Limited, at 27th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong or call the Manager's Investment Fund-Services Hotline at (852) 2280 8615. Customer services officers of the Manager shall address any enquiry or complaint by verbal or written form depending on the nature of enquiry or complaint received about the relevant Sub-Fund as soon as reasonably practicable.

Anti-Money Laundering Regulations

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

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

(ii) 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/region recognised as having sufficient anti-money laundering regulations.

The Trustee and the Manager reserve the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee and/or the Manager may refuse to accept the application and the application moneys relating thereto.

Information contained in the website of the Manager has not been reviewed by the SFC.