

Taikang Asset Management
 (Hong Kong) Company Limited

April 2022

- ***This statement provides you with key information about Taikang Kaitai China New Opportunities Fund (the “Sub-Fund”).***
- ***This statement is a part of the offering document and must be read in conjunction with the Explanatory Memorandum of Taikang Kaitai Funds.***
- ***You should not invest in this product based on this statement alone.***

Quick facts

Manager: Taikang Asset Management (Hong Kong) Company Limited
 泰康資產管理(香港)有限公司

Trustee: BOCI-Prudential Trustee Limited
 中銀國際英國保誠信託有限公司

Custodian: Bank of China (Hong Kong) Limited
 中國銀行(香港)有限公司

Ongoing charges over a year:#

| | |
|----------------------------------|-------|
| Class A – HKD – DIST: | 2.23% |
| Class A – HKD – ACC: | 2.23% |
| Class A – USD – DIST: | 2.23% |
| Class A – USD – ACC: | 2.23% |
| Class A – RMB (Unhedged) – DIST: | 2.23% |
| Class A – RMB (Unhedged) – ACC: | 2.23% |
| Class A – RMB (Hedged) – DIST: | 2.23% |
| Class A – RMB (Hedged) – ACC: | 2.23% |

The ongoing charges figures are annualised figure based on the expenses for the period from 1 January 2021 to 31 December 2021. The figures may vary from year to year. They represent the sum of the ongoing expenses chargeable to the relevant class expressed as a percentage of the average net asset value of such class over the same period.

Dealing frequency: Daily

Base currency: HKD

Dividend policy*: For **Class A – HKD – DIST / Class A – USD – DIST / Class A – RMB (Unhedged) – DIST / Class A – RMB (Hedged) – DIST**: subject to the Manager’s discretion, distributions (if any) will be made on a monthly basis and paid out of net distributable income or out of the capital of the Sub-Fund.

For **Class A – HKD – ACC / Class A – USD – ACC / Class A – RMB (Unhedged) – ACC / Class A – RMB (Hedged) – ACC**: no distribution will be paid.

*There is also no guarantee of regular dividend or distribution payments during the period you hold

Units of the Sub-Fund. The Manager may at its discretion pay distributions out of the Sub-Fund's gross income while charging/paying all or part of the Sub-Fund's Management Fees and other 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 effectively paying distributions out of the capital of the Sub-Fund. The Manager may amend the policy with respect to the aforementioned subject to the SFC's prior approval (if required) and by giving not less than one month's prior notice to Unitholders.

Financial year end of this

Sub-Fund: 31 December

Minimum investment:

Class A – HKD – DIST/ Class A – HKD – ACC: 10,000 initial, 5,000 additional, 10,000 minimum holding

Class A – USD – DIST/ Class A – USD – ACC: 2,000 initial, 1,000 additional, 2,000 minimum holding

Class A – RMB (Unhedged) – DIST / Class A – RMB (Unhedged) – ACC: 10,000 initial, 5,000 additional, 10,000 minimum holding

Class A – RMB (Hedged) – DIST / Class A – RMB (Hedged) – ACC: 10,000 initial, 5,000 additional, 10,000 minimum holding

What is this product?

Taikang Kaitai China New Opportunities Fund is a sub-fund of Taikang Kaitai Funds which is an umbrella structure unit trust established by a trust deed dated 16 April 2014, as amended. It is governed by the laws of Hong Kong.

Objective and Investment Strategy

Objective

The Taikang Kaitai China New Opportunities Fund seeks to provide investors with capital appreciation over the long term, primarily through China related investments in the equity markets.

Equities and equity-related securities

Within the above-mentioned scope, the Manager will allocate at least 70% of the Net Asset Value of the Sub-Fund to a portfolio of (i) equities and equity-related securities (including but not limited to common stock, preference stock, American Depositary Receipts, and Global Depositary Receipts) issued by companies incorporated in, or exercising the predominant part of their economic activity in Mainland China, and quoted or traded on the stock exchanges of Hong Kong, Singapore, Taiwan and the United States of America, and (ii) China A-Shares quoted or traded through the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect ("**Approved Securities**").

Up to 30% of the Sub-Fund's Net Asset Value may be invested in: (i) other equity and equity-related securities issued by companies not meeting the preceding requirements (such as companies incorporated in, or exercising the predominant part of their economic activity in the United States of America or Europe); (ii) other investments, including but not limited to money market instruments (e.g. bank certificates of deposit and negotiated term deposits); and (iii) exchange-traded funds ("**ETFs**") and collective investment schemes with similar investment objectives to the Sub-Fund.

The Sub-Fund will invest no more than 30% of its Net Asset Value in collective investment schemes. The collective investment schemes will have similar investment objectives to the Sub-Fund. The Sub-Fund may invest in other funds authorized by the SFC or that are eligible schemes domiciled in Luxembourg, Ireland and/or the United Kingdom (whether authorized by the SFC or not), except that not more than 10% of the Sub-Fund's Net Asset Value may be invested in collective investment schemes which are non-eligible schemes and not authorized by the SFC.

Financial Derivative Instruments ("**FDI**")

The Sub-Fund may invest in financial derivative instruments for hedging purposes only but not for investment purposes. Subject to applicable regulations, derivatives used for hedging purposes may include but are not limited to options, warrants and futures.

It is not the Manager's current intention to engage in securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions or invest in asset-backed securities (including asset-backed commercial papers) or mortgage-backed securities for the account of the Sub-Fund. The Manager will seek the prior approval of the SFC (if required) and provide at least one month's prior notice to Unitholders before the Manager engages in any such transactions.

Allocation

The Sub-Fund's indicative asset allocation is presented in the table below:-

| By types of investments | Percentage of allocation (% of NAV) |
|--|-------------------------------------|
| Equities and equity-related securities that are Approved Securities | 70 – 100 |
| Other | 0 – 30 |
| - Equity and equity-related securities that are not Approved Securities | 0 – 30 |
| - Money market instruments | 0 – 30 |
| - ETFs and other collective investment schemes | 0 – 30 |

Strategy

The Manager will implement a combination of both top-down and bottom-up approach in determining investment of industries and individual stocks by the Sub-Fund. Through analysis of the macroeconomic impact on each industry and its developmental stage, the Manager understands the industry's growth potential and development process, and assesses the industry's long-term investment value. Then the Manager tracks changes in industry policies, profitability, inventory levels, gross margin and other indicators to monitor the current industry prosperity and its variation, and updates its assessment record.

The Manager will build up a long-term relationship with listed companies and its peers, and conduct an in-depth analysis on the company and the industry it belongs to, so as to track fundamental changes of related companies in a timely manner. The Manager eventually makes an investment decision based on a thorough understanding of an investment instrument's value from the above.

Use of derivatives / investment in derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's Net Asset Value ("NAV").

What are the key risks?

Investment involves risks. Please refer to the Explanatory Memorandum for details including the risk factors.

1. General investment risk

- The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

2. Currency and conversion risks

Currency risk

- Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-Fund. Also, a class of Units may be designated in a currency other than the base currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

Conversion risk

- Where an investor subscribes for Units denominated in RMB or USD, the Manager will convert such subscriptions into the relevant currency prior to investment at the applicable exchange rate and subject to the applicable spread. Where an investor redeems Units denominated in RMB or USD, the Manager will sell the Sub-Fund's investments denominated in the relevant currency and convert such proceeds into RMB or USD (as applicable) at the applicable exchange rate and subject to the applicable spread.

RMB currency and conversion risks

- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Investors may be adversely affected by movements of the exchange rates between RMB and other currencies. 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. Any depreciation of RMB could adversely affect the value of investors' investments in the Sub-Fund.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

3. Concentration risk/Mainland China market risk

- The Sub-Fund's investments are concentrated in equities and equity-related securities issued by companies incorporated in, or exercising the predominant part of their economic activity in Mainland China. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.
- Insofar as the Sub-Fund may invest substantially in securities related to the Mainland China market, it will be subject to risks inherent in the Mainland China market and additional concentration risks.

4. Emerging market risk

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

5. Risks associated with equities

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.

Risk associated with high volatility of the equity market

- High market volatility and potential settlement difficulties in the markets in Hong Kong, Singapore, Taiwan and the United States of America may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Sub-Fund.

Risk associated with regulatory/exchanges requirements/policies of the equity market

- Securities exchanges in Hong Kong, Singapore, Taiwan and the United States of America 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.

6. Risks associated with China A-Shares

- Investments related to China A-shares may be more volatile and may suffer potential settlement difficulties. Further, securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange and 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.

7. Risks associated with the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively, “Stock Connect”)

- The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Sub-Fund’s ability to invest in China A-shares or access the Mainland China market through the programme will be adversely affected. In such event, the Sub-Fund’s ability to achieve its investment objective could be negatively affected.

8. Mainland China tax risk

- There are risks and uncertainties associated with the current Mainland China tax laws, regulations and practice in respect of capital gains realised via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund’s value.
- Based on professional and independent tax advice, the Sub-Fund will not make any withholding tax provision in respect of any potential Mainland China tax liability on gross realised and/or unrealised capital gains on China A-Shares.

9. Risks associated with ChiNext of the Shenzhen Stock Exchange and/or the Science and Technology Innovation Board (“STAR Board”)

Higher fluctuation on stock prices and liquidity risk

- Listed companies on ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. Listed companies on ChiNext market and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. 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 Boards.

Over-valuation risk

- Stocks listed on ChiNext market and/or STAR Board 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.

Differences in regulation applicable to ChiNext market and STAR Board

- The rules and regulations regarding companies listed on ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the Main Boards.

Delisting risk

- It may be more common and faster for companies listed on ChiNext market and/or STAR Board to delist. ChiNext Market and STAR Board have stricter criteria for delisting compared to the Main Boards. This may have an adverse impact on the relevant Sub-Funds if the companies that they invest in are delisted.

Concentration risk applicable to STAR Board

- STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the relevant Sub-Funds to higher concentration risk.

Investments in ChiNext market and/or STAR Board may result in significant losses for the relevant Sub-Funds and their investors.

10. Risks of investing in other collective investment schemes

- The underlying collective investment schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Sub-Fund’s

redemption requests as and when made.

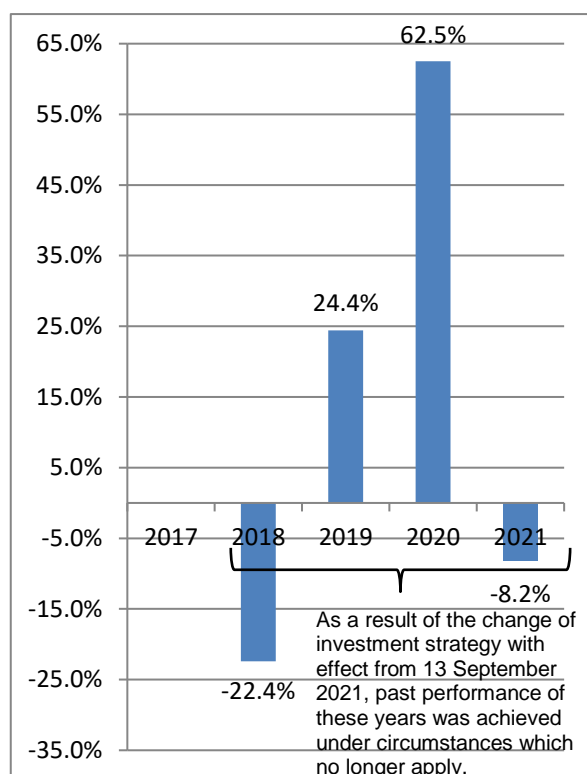
11.Risks associated with distributions out of/effectively out of capital

- Payment of distributions out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an Unitholder's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the NAV per Unit.
- The distribution amount and NAV of the hedged classes of Units may be adversely affected by differences in the interest rates of the reference currency of the hedged classes of Units and the Sub-Fund's base currency, resulting 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 of Units.

12.Past Performance Risk

- As a result of the change of investment strategy with effect from 13 September 2021, past performance of the Sub-Fund prior to that date was achieved under circumstances which will no longer apply. Investors should exercise caution when considering the past performance of the Sub-Fund prior to 13 September 2021.

How has the fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Class A-HKD-ACC Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in HKD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- When no past performance is shown there was insufficient data available in that year to provide performance.
- Sub-Fund launch date: 2017
- Class-A-HKD-ACC launch date: 2017
- Class A-HKD-ACC is selected as the most appropriate representative unit class as it has the longest track record and is denominated in the Sub-Fund's base currency among all the retail share classes.
- For further information on the performance of other unit classes, please refer to www.taikangasset.cn/tkzc/hk/¹.

Is there any guarantee?

This Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the units of the Sub-Fund.

Fee

What you pay

Subscription Fee (Initial charge)

| | |
|--|--------------------------|
| (% of total subscription amount received) | Class A: up to 5% |
| Redemption Fee (Redemption Charge) | |
| (% of total redemption proceeds) | Class A: Nil |
| Switching Charge | |
| (% of total amount being switched out of the Existing Class) | Class A: up to 1% |

Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

| <u>Fee</u> | <u>Annual rate (as a % of the Sub-Fund's NAV)</u> |
|------------------------|--|
| Management Fee | Class A: 1.75% p.a.* |
| Trustee Fee | Up to 0.15% p.a., subject to a minimum monthly fee of HKD40,000* for the Sub-Fund. |
| Custody Fee | Up to 0.1% p.a. |
| Performance Fee | Not applicable |

Other fees

You may have to pay other fees and charges when dealing in the units of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in the Explanatory Memorandum.

*You should note that some fees may be increased, up to a specified permitted maximum, by giving unitholders at least one month's prior notice. For details, please refer the section headed "Expenses and Charges" in the Explanatory Memorandum.

Additional Information

- You generally buy and redeem units at the Sub-Fund's next-determined NAV of the relevant class after the Trustee or an Authorised Distributor receives your request in good order on or before 5 p.m. (Hong Kong time) on the relevant Dealing Day.
- The Authorised Distributor(s) may impose an earlier cut-off time before the dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should contact the Authorised Distributor(s) of the Sub-Fund for details and confirm the arrangements with the Authorised Distributor(s) concerned.
- The NAV of this Sub-Fund and the price of units are calculated every Valuation Day and will be published daily on the Manager's website: <http://www.taikangasset.cn/tkzc/hk/>¹.
- Composition of the latest distributions, i.e. the percentages of distribution being made out of income or capital, for the last 12 months will be available from the Manager upon request and at the Manager's website.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

¹ This website has not been reviewed by the SFC.