

Taiping Investment Fund
(the “Fund”)
Taiping Greater China New Momentum Equity Fund
(the “Sub-Fund”)

Notice to Unitholders

Important - If you are in any doubt about the contents of this notice, you should seek independent professional advice.

The Securities and Futures Commission of Hong Kong (“SFC”) takes no responsibility for the accuracy of any of the statements made or opinions expressed in this notice.

SFC authorisation is not a recommendation or endorsement of the Fund and the Sub-Fund nor does it guarantee the commercial merits of the Fund and the Sub-Fund or their performance. It does not mean the Fund and the Sub-Fund are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

All capitalised terms used in this document have the same meaning as in the Explanatory Memorandum of the Fund and the Sub-Fund dated December 2019 (the “**Explanatory Memorandum**”), unless otherwise defined herein.

Dear Unitholders

We are writing to inform you of certain changes to the Fund and the Sub-Fund. The details are set out below.

A. Changes pursuant to the revised Code

The Fund and the Sub-Fund are subject to the Code on Unit Trusts and Mutual Funds (“**Code**”) issued by the Securities and Futures Commission in Hong Kong (“SFC”). The Code has been revised. The Trust Deed has been amended by way of a supplemental deed (“**Supplemental Deed**”) and the Explanatory Memorandum has been revised to reflect the requirements under the revised Code.

The following key changes have been made to the Trust Deed and/or the Explanatory Memorandum (where applicable) to reflect the requirements under the revised Code:

1. Trustee and Manager - additional obligations of the Trustee and the Manager under Chapters 4 and 5 respectively of the revised Code.
2. Investment Restrictions: Core Requirements - amendments to the core requirements of the investment limitations and prohibitions under Chapter 7 of the revised Code, including but not limited to amendments in relation to the following: spread of investments, commodities, restrictions on making loans, limitations on borrowing, financial derivative instruments, securities financing transactions and collateral etc.

A summary of the key revised investment restrictions/requirements pursuant to the revised Code are set out in Annexure A enclosed with this Notice.

The net derivative exposure (as defined in Annexure A) of the Sub-Fund is calculated in accordance with the requirements and guidance issued by the SFC. The Sub-Fund’s net derivative exposure may be up to 50% of the Sub-Fund’s latest available Net Asset Value.

3. Other Amendments – other amendments and enhancement of disclosures to reflect the requirements of the revised Code including the following:

- (a) amendments to reflect the requirements under the revised Code on transactions with connected persons and soft dollars arrangements;
- (b) enhanced disclosures on arrangements in handling unclaimed proceeds of Unitholders where the Sub-Fund is terminated;
- (c) amendments and enhanced disclosures on the valuation rules of the Sub-Fund, including but not limited to the relevant procedures to be undertaken for fair value adjustments and the arrangements on third party valuation; and
- (d) new and/or enhanced disclosure of information relating to liquidity risk and liquidity risk management.

Please refer to the Explanatory Memorandum and Supplemental Deed for further details.

B. Submission of dealing instructions by facsimile or other electronic means

The Explanatory Memorandum has been updated to include disclosures in relation to the use of facsimile or other electronic means for subscription, redemption and conversion of Units.

C. Update to PRC taxation disclosures

The disclosures relating to PRC taxation in the Explanatory Memorandum have been updated. Please refer to the sub-section "PRC" under the section "TAXATION" of the Explanatory Memorandum and the sub-section "PRC Tax Risks" under the section "RISK FACTORS" in Appendix A of the Explanatory Memorandum for details.

D. Implication of Changes

Save as disclosed in this Notice, the changes do not result in any material change to the investment objective and risk profile of the Sub-Fund. There will be no increase in the fees payable out of the assets of the Sub-Fund as a result of the changes. The changes do not result in any change in the manner in which the Fund and the Sub-Fund currently operate or are being managed save as disclosed in this Notice.

E. Availability of Documents

Copies of the Trust Deed together with all supplemental deeds (including the Supplemental Deed) can be inspected free of charge during the normal office hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager at Unit 1-2, 19th Floor, No. 18 King Wah Road, Hong Kong (the "**Manager's Offices**").

Copies of the Explanatory Memorandum and updated Product Key Facts Statement of the Sub-Fund can be obtained free of charge during the normal office hours on any day (excluding Saturdays, Sundays and public holidays) at the Manager's Offices. The Explanatory Memorandum and updated Product Key Facts Statement of the Sub-Fund are also available on the Manager's website at <http://www.tpahk.cntaiping.com>. The website has not been reviewed by the SFC.

F. Enquiries

Thank you for your continued support. If you have any questions relating to the above, please contact our Public Funds Team by phone at (852) 2864 1900.

Taiping Assets Management (HK) Company Limited
太平資產管理（香港）有限公司

23 December 2019

ANNEXURE A

SUMMARY OF KEY REVISED INVESTMENT RESTRICTIONS

The key amendments to the investment restrictions are as follows:

- (a) the aggregate value of the Sub-Fund's investments in, or exposure to, any single entity (other than Government and other public securities) through the following may not exceed 10% of its latest available Net Asset Value:
 - (i) investments in securities issued by that entity;
 - (ii) exposure to that entity through underlying assets of financial derivative instruments; and
 - (iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.
- (b) subject to the requirements under the revised Code, the aggregate value of the Sub-Fund's investments in, or exposure to, entities within the same group (i.e. generally, entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards) through the following may not exceed 20% of its latest available Net Asset Value:
 - (i) investments in securities issued by those entities;
 - (ii) exposure to those entities through underlying assets of financial derivative instruments; and
 - (iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.
- (c) the value of the Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of its latest available Net Asset Value provided that the 20% limit may be exceeded in certain circumstances specified in the revised Code.
- (d) the Sub-Fund may not invest in physical commodities unless otherwise approved by the SFC and disclosed in the investment policies of the Sub-Fund.
- (e) subject to the requirements under the revised Code, the 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. For the avoidance of doubt, reverse repurchase transactions in compliance with the requirements under the revised Code are not subject to the limitations in this paragraph.
- (f) the maximum borrowing of the Sub-Fund has been reduced to 10% of its latest available Net Asset Value. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements under the revised Code are not subject to the limitations in this paragraph.
- (g) the Sub-Fund may acquire financial derivative instruments for hedging purposes.
- (h) the Sub-Fund may also acquire financial derivative instruments for non-hedging purposes in accordance with its investment objective and policy subject to the limit that such Sub-Fund's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its latest available Net Asset Value.

Net derivative exposure shall be calculated in accordance with the Code and the requirements and guidance issued by the SFC which may be updated from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes will not be counted

towards the 50% limit so long as there is no residual derivative exposure arising from such hedging arrangement.