

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

**Notice to Unitholders**

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**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 dated 15 December 2014 (as amended by the addendum dated 29 January 2015 and the second addendum dated 30 April 2016) (collectively, the “**Explanatory Memorandum**”), unless otherwise defined herein.

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Dear Unitholders

We are writing to inform you of the following changes to the investment policy of the Sub-Fund, which will take effect from 30 June 2016 (the “**Effective Date**”):

**1. Investment in listed equity securities of companies which may have no connection with the Greater China region**

As disclosed in the Explanatory Memorandum, the Sub-Fund invests at least 70% of its non-cash assets through a portfolio consisting of listed securities (which may include (but are not limited to) B Shares, shares listed on the Hong Kong Stock Exchange (“**SEHK**”) (including H Shares, Red Chips and other Hong Kong shares quoted in Hong Kong Dollar), and other China related stocks) of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China (which includes the PRC, the Special Administrative Regions of Hong Kong and Macau).

To broaden the investment universe of the Sub-Fund, the investment strategy of the Sub-Fund will be revised such that, from the Effective Date, the Sub-Fund may also invest **less than 30% of its non-cash assets in listed equity securities of companies which may have no connection with the Greater China region. Such equity securities are listed on exchanges worldwide including but not limited to the United States.**

By investing its non-cash assets in equity securities listed on exchanges worldwide, i.e. equity securities denominated in a wide range of currencies other than HK Dollars, the Net Asset Value of the investments of the Sub-Fund, as expressed in Hong Kong Dollar, will fluctuate in accordance with the changes in the foreign exchange rate between the Hong Kong Dollar and the currencies in which the Sub-Fund’s investments are denominated. The Sub-Fund may therefore be exposed to a foreign exchange/currency risk.

Therefore, in connection with this change in investment strategy, the Sub-Fund may be subject to the additional currency risk as mentioned above.

## 2. Investment in A Shares via Shanghai-Hong Kong Stock Connect (“Stock Connect”)

From the Effective Date, the Sub-Fund may also invest up to 20% of its non-cash assets in A Shares via the Shanghai-Hong Kong Stock Connect (“**Stock Connect**”). Accordingly, the Manager will intend to make investments (at least 70% of the Sub-Fund’s non-cash assets) through a portfolio consisting of listed securities (which may include (but are not limited to) **A Shares**, B Shares, shares listed on the SEHK (including H Shares, Red Chips and other Hong Kong shares quoted in Hong Kong Dollar), and other China related stocks. The investment strategy will also specify that **the Sub-Fund may invest up to 20% of its non-cash assets in A Shares via the Stock Connect.**

### ***Overview of the Stock Connect***

The Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited (“**HKEx**”), Shanghai Securities Exchange (“**SSE**”) and China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”), to achieve mutual stock market access between mainland China and Hong Kong.

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

Hong Kong and overseas investors will be able to trade certain stocks listed on the SSE market (i.e. “**SSE Securities**”). These include all the constituent stocks from time to time of the SSE 180 Index and 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 Renminbi; and
- (b) SSE-listed shares which are included in the “risk alert board”.

Please note that the A Shares traded through Stock Connect are issued in scripless form, so investors will not hold any physical A Shares. Hong Kong and overseas investors who have acquired SSE Securities through Northbound trading should maintain the SSE Securities with their brokers’ or custodians’ stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

Please refer to the Explanatory Memorandum of the Fund and Sub-Fund for further information relating to the Stock Connect, including the trading quota, settlement and custody arrangement, participation in corporate actions and shareholders’ meetings and trading and settlement currency.

### ***Risks associated with the Stock Connect***

Please note that investments through the Stock Connect are subject to additional risks, namely, quota limitations, suspension risk, differences in trading day, operational risk, restrictions on selling imposed by front-end monitoring, foreign shareholding restrictions on A Shares, short swing profit rule, recalling of eligible stocks, clearing and settlement risk, participation in corporate actions and shareholders’ meetings, regulatory risk and taxation risk.

Further, the Sub-Fund’s investments through Northbound trading under the Stock Connect will not be covered by Hong Kong’s Investor Compensation Fund.

Notwithstanding the additional risks associated with the Stock Connect, given that the Sub-Fund will only invest up to 20% of its non-cash assets in A Shares via the Stock Connect, the Manager considers that there will not be any material change or increase in the overall risk profile of the Sub-Fund following the change.

## 3. Third Addendum to the Explanatory Memorandum and the updated Product Key Facts Statement (“KFS”)

The Explanatory Memorandum will be amended by way of a Third Addendum and the KFS of the Sub-Fund will be amended to reflect the changes set out above. The disclosures on the percentage allocation of the assets in the Sub-Fund in the Explanatory Memorandum will also be updated accordingly.

Copies of the Explanatory Memorandum, the Third Addendum and the updated KFS reflecting the changes above can be obtained free of charge during the normal office hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager at 11/F, China Taiping Tower Phase II, 8 Sunning Road, Causeway Bay, Hong Kong from the Effective Date. The Explanatory Memorandum, the Third Addendum and the updated KFS reflecting the changes above will also be available on the Manager's website at: <http://www.tpahk.cntaiping.com> from the Effective Date. Please note that this website has not been reviewed by the SFC.

#### **4. Consequences of changes**

The above changes will not result in (a) any increment in the current and maximum management fees and trustee fees payable by the Fund and the Sub-Fund; or (b) any additional type of fee being payable by the Unitholders; or (c) any change in the dealing procedures of the Fund and the Sub-Fund. The fees and expenses incurred in connection with the above changes will be borne by the Manager. The rights or interests of the existing Unitholders would not be materially prejudiced.

However, if, as a consequence of the above changes, you wish to redeem your Units in the Sub-Fund, you may do so free of redemption fee during the waiver period between date of this letter and the Effective Date. For further details in relation to the procedures for redemption of Units, please refer to the section headed "Redemption of Units" in the Explanatory Memorandum.

The Manager accepts responsibility for the information contained in this Notice as being accurate as at the date of publication.

Thank you for your continued support. If you have any questions relating to the above, please contact us by phone at (852) 2864 1900 or by email at [publicfund@tpahk.cntaiping.com](mailto:publicfund@tpahk.cntaiping.com).

**Taiping Assets Management (HK) Company Limited**

太平資產管理（香港）有限公司

30 May 2016