

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

Dear Unitholders

We are writing to inform you of the following changes to the Fund and the Sub-Fund, which will take effect from 1 January 2017 (the “**Effective Date**”) unless otherwise specified:

1. Change of Trustee

Pursuant to paragraph 1(A) of “Appendix J – Retirement or Removal of the Trustee or the Manager” to the Trust Deed, the Manager will appoint BOCI-Prudential Trustee Limited (the “**New Trustee**”) as new trustee of the Fund and the Sub-Fund from the Effective Date, and HSBC Institutional Trust Services (Asia) Limited (the “**Retiring Trustee**”) shall retire as trustee of the Fund and the Sub-Fund from the Effective Date. The retirement of the Retiring Trustee is subject to, and shall take effect at the same time as, the appointment of the New Trustee as trustee of the Fund and the Sub-Fund in place of the Retiring Trustee. The aforesaid retirement and appointment are made on a voluntary basis upon discussion among the Manager, the Retiring Trustee and the New Trustee. The Manager considers that the appointment of the New Trustee would be beneficial to the Fund and the Sub-Fund in a long-run with the reduction of fees payable to the trustee, custodian and registrar charged by the New Trustee and the professional services offered by the New Trustee. The Manager and the New Trustee are independent of each other. No approval from the Unitholders or an extraordinary resolution passed by the Unitholders is required under the relevant laws of Hong Kong and the Trust Deed for such change of trustee of the Fund and the Sub-Fund.

The New Trustee is a registered trust company in Hong Kong. The New 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 and Bank of China (Hong Kong) Limited, which are subsidiaries of Bank of China Limited. The business activities of the New Trustee are principally provision of trustee services, investment accounting, administration and registrar services to various kinds of funds and institutional clients.

The Fund and the Sub-Fund will continue to be managed by the same personnel, adopting and utilising the same investment objectives and strategies as prior to the change of trustee of the Fund and the Sub-Fund.

Accordingly, the change of trustee of the Fund and the Sub-Fund will not affect the management of the Fund and the Sub-Fund and the Fund and the Sub-Fund will continue to operate in the same manner as it currently operates. Further, there is no change to the communication channels in relation to the Fund and the Sub-Fund.

2. Reduction of Trustee Fee

In connection with the change of trustee, from the Effective Date, the annual rate of trustee fee will be reduced from 0.175% per annum to the following rates:

- 0.15% per annum for the first HK\$ 250 million of the Net Asset Value of the Sub-Fund;
- 0.125% per annum for the next HK\$ 250 million of the Net Asset Value of the Sub-Fund; and
- 0.11% per annum for the remaining balance of the Net Asset Value of the Sub-Fund.

The minimum monthly fee payable to the trustee in relation to the Sub-Fund will also be reduced from HK\$80,000 to HK\$40,000.

3. Appointment of Custodian

Bank of China (Hong Kong) Limited will be appointed as the custodian of the Fund and the Sub-Fund from the Effective Date.

4. Updates to the rate of Custodian Fee

Currently, the Sub-Fund is subject to custody fees at the rates in the range of 0.01% to 0.09% per annum of the Net Asset Value of the Sub-Fund, depending on the markets where the custodian is required to hold the Sub-Fund's assets. Following the appointment of Bank of China (Hong Kong) Limited as the custodian of the Fund and the Sub-Fund, from the Effective Date onwards, the custody fees payable by the Sub-Fund will be up to 0.045% per annum of the Net Asset Value of the Sub-Fund.

5. Change of Registrar and removal of Registrar Fee

The New Trustee will replace the Retiring Trustee as the registrar of the Fund and the Sub-Fund from the Effective Date. The fee payable to the New Trustee in its capacity as the registrar of the Fund and the Sub-Fund will be included in the Trustee fee. As such, the Sub-Fund will no longer pay the fixed fee of HK\$120,000 per annum for registrar services from the Effective Date.

6. Change of Auditor

PricewaterhouseCoopers will replace Ernst & Young as the auditor of the Fund and the Sub-Fund from the Effective Date.

7. Ground for termination of the Sub-Fund due to small fund size

Currently, the Trust Deed provides that the Manager may terminate the Sub-Fund if, among others, the average Net Asset Value of the Units outstanding in respect of the Sub-Fund is less than HK\$39,000,000 or the equivalent in US Dollars or other currencies over 12 consecutive calendar months, and Unitholders of the Sub-Fund pass an Extraordinary Resolution approving the termination of the Sub-Fund in such circumstances.

However, when the Net Asset Value of a Sub-Fund drops below a certain threshold, it is generally believed that continuation of the Sub-Fund would not be cost efficient and commercially viable. The requirement to seek the Unitholders' approval by way of an Extraordinary Resolution to terminate the Sub-Fund in such circumstances may delay the termination process, and this may not be in the interests of the Unitholders.

To enable the termination of the Sub-Fund in an efficient manner when its fund size is relatively small, from the Effective Date, the relevant ground for the termination of the Sub-Fund will be amended such that the Manager may terminate the Sub-Fund if the average Net Asset Value of the Units outstanding in respect of the Sub-Fund is less than HK\$39,000,000 or the equivalent in US Dollars or other

currencies over 12 consecutive calendar months. In other words, the requirement to seek the Unitholders' approval by way of an Extraordinary Resolution to terminate the Sub-Fund in such circumstances will be removed.

Nevertheless, the Sub-Fund may at any time be terminated by Unitholders with the approval of an Extraordinary Resolution as provided under the Trust Deed.

8. Update to the application procedures

The Explanatory Memorandum will be updated to clarify that, unless otherwise agreed by the Manager and the Trustee, the original of any application form sent by facsimile should be forwarded to the Trustee.

It will also be clarified that, if an application is rejected, subscription monies will be returned without interest by cheque through the post at the risk of the applicant or by telegraphic transfer to the bank account from which the moneys originated at the risk and expense of the applicants (or in such other manner determined by the Manager and the Trustee).

9. Delay of payment of redemption proceeds

Redemption proceeds will normally be paid within 7 Business Days after the relevant Dealing Day and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented redemption request.

The Trust Deed and the Explanatory Memorandum will be updated to reflect that where the market(s) in which a substantial portion of the investments of the Sub-Fund is made is subject to such legal or regulatory requirements (such as foreign currency controls) rendering the payment of such amounts not practicable, payment may be delayed but the extended time frame for payment shall reflect the additional time needed in light of the specific circumstances in the relevant markets.

10. Refusal of payment of redemption proceeds

The Trust Deed will be amended to provide the Manager or the Trustee with the right to refuse to make any redemption payment to a Unitholder if (1) the Trustee or the Manager suspect or are advised that the payment of redemption proceeds to such Unitholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Manager, the Trustee or other service providers with any such laws or regulations in any applicable jurisdiction; and (2) there is a delay or failure by the redeeming Unitholder in producing any information or documentation required by the Trustee and/or the Manager or their respective duly authorised agent for the purpose of verification of identity.

The Explanatory Memorandum will be updated accordingly to reflect such power of the Manager and the Trustee.

11. Withholding of redemption proceeds

The Trust Deed will be amended to provide the Manager or the Trustee with the right, if required by the laws of any relevant jurisdiction, to make a withholding from any redemption moneys payable to the Unitholder of a Unit. The amount of such withholding shall be deducted from the redemption moneys otherwise payable to such Unitholder, provided that the Manager or the Trustee is acting in good faith and on reasonable grounds.

The Explanatory Memorandum will be updated accordingly to reflect such power of the Manager and the Trustee.

12. Means of publication of notice of suspension and the Net Asset Value

As currently disclosed in the Explanatory Memorandum, whenever the Manager declares a suspension of determination of the Net Asset Value of a Sub-Fund, the Manager shall publish a notice

in one Hong Kong English newspaper and one Hong Kong Chinese newspaper, including but not limited to, the South China Morning Post and the Hong Kong Economic Times. From the Effective Date onwards, instead of publishing the suspension notice in the aforesaid manner, the Manager will publish the suspension notice on the Manager's website at <http://www.tpahk.cntaiping.com> at least once a month during the suspension of determination of the Net asset Value of the Sub-Fund.

In addition, from the Effective Date onwards, the Net Asset Value per Unit of the Sub-Fund will no longer be published in the South China Morning Post and the Hong Kong Economic Times. The Net Asset Value per Unit of the Sub-Fund will be published on each Dealing Day on the website <http://www.tpahk.cntaiping.com>.

Please note that the above website has not been reviewed by the SFC.

13. Reports and accounts

The Manager will no longer send printed financial reports to the Unitholders. Instead, the Manager will make available electronic copies of the audited accounts (in English) and unaudited semi-annual reports (in English) on the Manager's website (<http://www.tpahk.cntaiping.com>). This website has not been reviewed by the SFC.

These accounts and reports will also be available upon request of the Unitholders and at the offices of the Manager free of charge during normal business hours on any Business Day.

The audited accounts (in English) will continue to be available within four months of the end of each financial year, and the unaudited semi-annual reports (in English) will continue to be available within two months after 30 June in each financial year. The Manager will notify the Unitholders where and when the audited financial statements and unaudited semi-annual reports can be obtained (in printed and electronic forms) within the aforesaid timeframe.

The above will take effect from the next audited accounts for the financial year ending on 31 December 2016, which will be available no later than 30 April 2017, and subsequent audited accounts and unaudited semi-annual reports.

14. Update to the directors of the Manager

Yang Dong, Li Tao and Chen Xun resigned as a member of the board of directors of the Manager on 23 July 2016, 1 November 2016 and 4 November 2016 respectively, and Shen Zhan was appointed as a director of the Manager on 28 October 2016. The current members of the board of directors of the Manager are Li WuHao, Li XuDong, and Shen Zhan.

15. Amendments to the Trust Deed

From the Effective Date, the Trust Deed shall be amended and supplemented by a sixth supplemental deed (the "**Sixth Supplemental Deed**") to reflect the retirement of the Retiring Trustee and the appointment of the New Trustee as set out in paragraph 1 above and by a seventh supplemental deed (the "**Seventh Supplemental Deed**") in connection with the following:-

- a) Change to the ground for termination of the Sub-Fund due to small fund size as set out in paragraph 7 above;
- b) Update to reflect the rights to delay, refuse or withhold the payment of redemption proceeds as set out in paragraphs 9 to 11 above;
- c) Update to reflect that the Manager will procure reports and accounts to be made available to Unitholders, to enable the change as set out in paragraph 13 above;
- d) Updates to the following investment restrictions to reflect the latest requirements under the Code on Unit Trusts and Mutual Funds (the "**Code**");

- (i) It will be clarified that a Sub-Fund's holding of any ordinary shares (when aggregated with all other Sub-Funds' holdings of such ordinary shares) shall not exceed 10 per cent. of any ordinary shares issued by any single issuer;
 - (ii) It will be updated to reflect that (1) the value of a Sub-Fund's total holding of units or shares in collective investment schemes (namely "**underlying schemes**") which are non-recognized jurisdiction schemes (as permitted in the Code) and not authorized by the SFC in aggregate shall not exceed 10 per cent. of the total Net Asset Value of such Sub-Fund as at the most recent Dealing Day and (2) the value of such Sub-Fund's total holding of units or shares in each underlying scheme which is either recognized jurisdiction schemes (as permitted in the Code) or schemes authorized by the SFC shall not exceed 30 per cent. of the total Net Asset Value of such Sub-Fund as at the most recent Dealing Day for such Sub-Fund unless the underlying scheme is authorized by the SFC, and the name and key investment information of the underlying scheme are disclosed in the offering document of the applicable Sub-Fund; and
 - (iii) It will be updated to reflect that the Sub-Fund may not invest in any type of real estate (including buildings) or interests in real estate (including any options or rights but excluding shares in real estate companies and interests in real estate investment trusts);
- e) Update to reflect that the Trustee may empower its custodian, nominee or agent to appoint, with no objection in writing of the Trustee, co-custodians and/or sub-custodians (each such custodian, nominee, agent, co-custodian and sub-custodian a "**Correspondent**");
 - f) Update to reflect that the Trustee is required to (a) exercise reasonable care and diligence in the selection, appointment and ongoing monitoring of Correspondents; and (b) be satisfied that Correspondents retained remain suitably qualified and competent to provide the relevant custodial services to the Fund and the Sub-Fund. The Trustee shall be responsible for the acts and omissions of any Correspondent which is a connected person of the Trustee as if the same were the acts or 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 any acts, omissions, insolvency, liquidation or bankruptcy of any Correspondent which is not a connected person of the Trustee;
 - g) Update to reflect that for so long as the Fund and the Sub-Fund are authorised by the SFC, the Manager and the Trustee shall in the performance of their respective duties under the Trust Deed in relation to the Fund and the Sub-Fund at all times comply with the applicable provisions of the Code and shall act at all times in compliance with and in a manner consistent with the Code (as may be modified by any applicable waivers or exemptions granted by the SFC) and nothing in the Trust Deed shall diminish or exempt any of the Manager or the Trustee from any of its duties and liabilities under the Code; and
 - h) There are also some miscellaneous updates to the Trust Deed, such as refinement of certain definitions, rectification of typographical errors, etc.

The Retiring Trustee and the New Trustee have each certified that the Sixth Supplemental Deed does not materially prejudice the interests of Unitholders; do not operate to release to any material extent, the Retiring Trustee and the New Trustee (in each case, in respect of the period for which it is trustee of the Fund and the Sub-Fund) or the Manager or any other person from any responsibility under the Trust Deed; and (with the exception of payment of fees and expenses incurred in relation to the preparation and execution of the Sixth Supplemental Deed) will not result in any increase in the amount of costs and charges which will be payable from the Fund and the Sub-Fund and borne by Unitholders of the Fund and the Sub-Fund which are in issue at the time such modification, alteration or addition takes effect.

The New Trustee has certified that the Seventh Supplemental Deed does not materially prejudice the interests of Unitholders; do not operate to release to any material extent, the New Trustee or the Manager or any other person from any responsibility under the Trust Deed; and (with the exception of

payment of fees and expenses incurred in relation to the preparation and execution of the Seventh Supplemental Deed) will not result in any increase in the amount of costs and charges which will be payable from the Fund and the Sub-Fund and borne by Unitholders of the Fund and the Sub-Fund which are in issue at the time such modification, alteration or addition takes effect.

The amendments to the Trust Deed do not require approval from the Unitholders or an extraordinary resolution passed by the Unitholders.

The Trust Deed together with all its supplemental deeds may 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 11/F, China Taiping Tower Phase II, 8 Sunning Road, Causeway Bay, Hong Kong and copies of such document can be obtained from such address at a reasonable charge.

16. Updated Explanatory Memorandum and Product Key Facts Statement (“KFS”)

The Explanatory Memorandum of the Fund and the Sub-Fund and the KFS of the Sub-Fund will be amended to reflect the changes set out above.

Copies of the updated Explanatory Memorandum and 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 updated Explanatory Memorandum and 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.

17. 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. Apart from the changes set out in this Notice, there will not be any change in the dealing procedures of the Fund and the Sub-Fund. The fees and expenses incurred in connection with the above changes, estimated to be approximately HK\$434,000, 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.

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

30 November 2016