

Guotai Junan Investment Funds
Guotai Junan Greater China Growth Fund
Guotai Junan Equity Income Fund
Guotai Junan Hong Kong Dollar Bond Fund
Guotai Junan Asian High Yield Bond Fund
(together, the “Sub-Funds”)

Notice to Unitholders

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

Unless otherwise specified, capitalised terms in this notice have the same meaning as in the Explanatory Memorandum of the Fund dated August 2015 (“**Explanatory Memorandum**”)

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 a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Change of Domicile and Change of Trustee

Dear Unitholders,

Guotai Junan Assets (Asia) Limited (the “**Manager**”) is writing to inform you of the following changes to the Fund and the Sub-Funds that with effect on and from 18 November 2016 (“**Effective Date**”):

- (a) the domicile of the Guotai Junan Investment Funds (the “**Fund**”) will be changed from the Cayman Islands to Hong Kong;
- (b) HSBC Institutional Trust Services (Asia) Limited (the “**New Trustee**”) will be appointed as trustee and registrar of the Fund in the place of the existing Trustee and Registrar of the Fund, namely HSBC Trustee (Cayman) Limited (the “**Retiring Trustee**”);
- (c) amendments to the Trust Deed (as defined below) to reflect the investment and borrowings restrictions currently disclosed in the Explanatory Memorandum and the current requirements in the Code on Unit Trusts and Mutual Funds (the “**Code**”);
- (d) change in investment policy of Guotai Junan Greater China Growth Fund to reduce its maximum exposure to A Shares from 35% to 20%; and
- (e) establishment of RMB classes of Units in respect of the Guotai Junan Greater China Growth Fund and Guotai Junan Equity Income Fund.

A. Change of Domicile of the Fund and Change of Trustee and Registrar of the Fund

1. Change of Domicile of the Fund and Change of Trustee

The Fund is an umbrella unit trust established in the Cayman Islands under the Trusts Law by a trust deed dated the Trust Deed dated 29 August 2007 and as amended from time to time (the “**Trust Deed**”). It is currently registered as a “regulated mutual fund” and is regulated by the Cayman Islands Monetary Authority (“**CIMA**”).

As the operations of the Manager are carried out in Hong Kong, it is proposed that the jurisdiction of the Fund be changed to Hong Kong to rationalize the structure of the Fund.

Pursuant to Clause 10(A) of the Trust Deed, the Retiring Trustee has declared that it is beneficial to the Fund and in the interests of the Unitholders to remove the jurisdiction of the Fund to Hong Kong. Also, the Manager is of the view that the change of trustee is beneficial to the Fund and in the interests of Unitholders. No approval from Unitholders or Extraordinary Resolution is required under the laws of Cayman Islands and the Trust Deed.

With effect on and from the Effective Date,

- (a) the jurisdiction of the Fund will be removed from the Cayman Islands to Hong Kong;
- (b) the Fund shall take effect in accordance with the laws of Hong Kong and the forum for the administration of the Fund shall be conducted under the jurisdiction of the courts and in accordance with the laws of Hong Kong;
- (c) as a result of the change in domicile of the Fund, the existing Trustee of the Fund, namely the Retiring Trustee, will retire and the New Trustee will be appointed as trustee of the Fund in the place of the Retiring Trustee;
- (d) the New Trustee is registered as a trust company in Hong Kong and is an indirect wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited. The ultimate holding company is HSBC Holdings plc. The New Trustee is independent of the Manager for the purpose of the Code; and
- (e) the retirement of the Retiring Trustee will take effect at the same time as the New Trustee takes up office.

The change of domicile and trustee will not result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund might not otherwise have incurred or suffered and will not subject the Fund to additional regulations or requirements which it would not otherwise be subject to. Notwithstanding the foregoing, with effect on and from the Effective Date, the register of Unitholders of the Fund will be maintained in Hong Kong. No Hong Kong stamp duty will be payable by Unitholders on the issue and/or redemption of Units in a Sub-Fund. No Hong Kong stamp duty is payable where the sale or transfer of the Units in the relevant Sub-Fund is effected by selling the relevant Units back to the Manager, who then either extinguishes such Units or re-sells the Units to another person within two months thereof. However, other types of sales and purchases or transfer of Units by the Unitholders in the relevant Sub-Fund should be liable to Hong Kong stamp duty at 0.2% (normally borne by the buyer and the seller in equal share) on the higher of the consideration amount or market value.

Investors should consult their professional advisors on the consequences to them of acquiring, holding, redeeming, converting, transferring or selling Units under the relevant laws of the jurisdictions to which they are subject to, including the tax consequences and any exchange control requirements, after the re-domicile.

As regards the Fund being a regulated mutual fund in the Cayman Islands, the Manager confirms that application has been made for deregistration of the Fund from CIMA with effect on and from the Effective Date.

2. Change of Registrar

With effect on and from the Effective Date, the Retiring Trustee will retire and cease to be the Registrar and the New Trustee will replace the Retiring Trustee as the Registrar. The New

Trustee will maintain the register in Hong Kong.

3. Duration of the Fund

Under the existing Trust Deed which is governed by the laws of the Cayman Islands, the Fund will continue for a period of 100 years from the date of the Trust Deed or until it is terminated earlier in accordance with the Trust Deed.

Following the re-domicile of the Fund to Hong Kong, the Fund will be governed by Hong Kong laws. Under the Perpetuities and Accumulations Ordinance (Chapter 257 of the Laws of Hong Kong) as amended from time to time, the maximum duration of a trust in relation to an instrument which took effect prior to 1 December 2013 is 80 years from the date of its establishment or such other date or duration as contemplated by the Perpetuities and Accumulations Ordinance (Chapter 257 of the Laws of Hong Kong) as amended from time to time.

The Fund was established pursuant to the Trust Deed on 29 August 2007. Consequently, the duration of the Fund following the change of domicile to Hong Kong shall be a period of 80 years from the date of its establishment in the Cayman Islands (i.e. from 29 August 2007 to 28 August 2087), unless it is terminated earlier in accordance with the Trust Deed.

4. Amendments to the Trust Deed

With effect on and from the Effective Date, changes will be made to the Fund by a Deed of Retirement and Appointment of the Trustee (the “**Deed of Retirement and Appointment**”) to reflect the change of domicile of the Fund, the retirement of the Retiring Trustee and the appointment of the New Trustee.

The change of domicile of the Fund, the retirement of the Retiring Trustee and the appointment of the New Trustee will take effect pursuant to the Deed of Retirement and Appointment. The Trust Deed will be further amended by way of a supplemental deed (the “**Supplemental Deed**”) to reflect consequential amendments arising from the change of domicile of the Fund, the retirement of the Retiring Trustee and the appointment of the New Trustee.

Pursuant to 6.7 of the Code, the New Trustee has certified to the SFC that the amendments to the Trust Deed by way of the Deed of Retirement and Appointment and Supplemental Deed –

- (i) do 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 liability under the Trust Deed and will not result in any increase in the amount of costs and charges payable from the assets of any Sub-Fund; and
- (ii) are necessary to make possible compliance with any fiscal, statutory or official requirement.

Accordingly, such amendments to the Trust Deed do not require any prior approval from Unitholders or meeting of Unitholders to be held to pass an extraordinary resolution under the relevant laws of Hong Kong and the Trust Deed.

A summary of the key amendments to be made to the Trust Deed by way of the Supplemental Deed is as follows:

- (a) changing the duration of the Fund to 80 years from the date of its establishment (Clause 8(A));
- (b) replacing all references to “the Cayman Islands” with “Hong Kong” (where applicable) (Clause 10(D) and paragraph 1(B) of Appendix G);
- (c) change of the governing law from the Cayman Islands to Hong Kong and the insertion of provision regarding the non-exclusive jurisdiction of the courts of Hong Kong (Clause 16); and

- (d) updating the definitions of “Trustee” and “Trusts Law”. All relevant references to the Retiring Trustee will be replaced with the New Trustee and all references to the Trust Law will be replaced with the Trustee Ordinance.

5. Amendments to Explanatory Memorandum

The Explanatory Memorandum will be amended to inter alia reflect the key changes set out above.

A summary of the key changes expected to be made to the Explanatory Memorandum is as follows:

- (a) all references to the Cayman Islands will be deleted and replaced with Hong Kong (where applicable);
- (b) all references to the Retiring Trustee will be deleted and replaced with the New Trustee (where applicable);
- (c) change of the address of the auditors;
- (d) removal of Conyers Dill & Pearman (Cayman) Limited as legal advisers to the Fund as to matters of the laws of Cayman Islands;
- (e) the definitions of “Fund”, “Registrar” and “Trustee” as well as the background information or history of the Fund will be updated;
- (f) the sub-section headed “Trustee and Registrar” under the section headed “MANAGER AND TRUSTEE” will be updated to reflect the information on the New Trustee and the sub-section headed “Service Provider to Trustee and Registrar” will be removed;
- (g) all references to the Service Provider to Trustee and Registrar will be deleted and replaced with the Trustee (where applicable);
- (h) the subsection headed “Hong Kong” under the section headed “TAXATION” will be updated;
- (i) the subsection headed “Cayman Islands” under the section headed “TAXATION” will be deleted in its entirety;
- (j) the duration of the Fund under the section headed “TERMINATION OF THE FUND OR ANY SUB-FUND” will be revised to reflect the change set out in paragraph 3 of this notice;
- (k) the section headed “REGULATION IN THE CAYMAN ISLANDS” will be deleted in its entirety; and
- (l) the section headed “ANTI-MONEY LAUNDERING REGULATIONS” will be updated to comply with the requirements of Hong Kong on anti-money laundering.

The changes described in this notice are in summary form only and are not meant to be an exhaustive list of the amendments made to the Explanatory Memorandum. Investors should note that there are other ancillary changes to the Explanatory Memorandum as amended and as such, should review the Explanatory Memorandum for further details on the changes made.

The Product Key Facts Statements of the Fund will be amended as well to reflect the change of trustee and the place of domicile.

6. Consequences of Changes

The above changes will not result in (i) any increment in the current and maximum investment management fees and trustee fees payable by the Fund or the Sub-Funds; or (ii) any additional

type of fee being payable by Unitholders; (iii) any change in respect of fees payable by the Fund, the Sub-Funds or Unitholders; or (iv) any change in the dealings in the Fund or the Sub-Funds.

The fees and expenses incurred in connection with the above changes will be borne by the Manager.

B. Amendments to the Trust Deed

1. Amendments to the Trust Deed in relation to Investment Restrictions

It is currently disclosed in the section headed "Investment and Borrowing Restrictions" in the Explanatory Memorandum that -

- (a) a Sub-Fund may not hold more than 10% (when aggregated with the holdings of all other sub-funds) of any ordinary shares or units issued by any single issuer; and
- (b) where a Sub-Fund invests up to 30% of its Net Asset Value in a collective investment scheme which is a recognised jurisdiction scheme or an SFC-authorized scheme, the relevant Sub-Fund will be subject to the restrictions for investing in such collective investment scheme.

With effect on and from the Effective Date, the Trust Deed will be amended by the Supplemental Deed in order to reflect the above investment restrictions currently disclosed in the Explanatory Memorandum and the current requirements in the Code. A summary of the amendments to be made to the Trust Deed is as follows:

- (a) amending paragraph 14(B) of Appendix G to reflect paragraph (b) under the section headed "Investment and Borrowing Restrictions" in the Explanatory Memorandum, which states that aggregate holdings of all sub-funds of the Fund will not exceed 10% of any ordinary shares or units issued by any single issuer (paragraph 14(B) of Appendix G); and
- (b) amending paragraph 14(E) of Appendix G to reflect paragraph (e) under the section headed "Investment and Borrowing Restrictions" in the Explanatory Memorandum, which sets out the restrictions for investing in collective investment schemes (paragraph 14(E) of Appendix G).

The disclosure in the Explanatory Memorandum which reflects paragraph 14(E) of Appendix G has also been enhanced to clarify that not more than 30% of the Net Asset Value of a Sub-Fund may be invested in a collective investment scheme which is a recognized jurisdiction scheme 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.

Pursuant to 6.7 of the Code, the New Trustee has certified to the SFC that the above amendments to the Trust Deed by way of the Supplemental Deed do 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 liability under the Trust Deed and (with the exception of the payment of fees and expenses incurred in relation to the preparation and execution of the Supplemental Deed) will not result in any increase in the amount of costs and charges payable from the assets of any Sub-Fund.

2. Other Amendments to the Trust Deed

With effect on and from the Effective Date, the Trust Deed will be amended by the Supplemental Deed in order to reflect the current requirements in the Code and clarify the references in the Trust Deed. A summary of the amendments to be made to the Trust Deed is as follows:-

- (a) clarifying the obligations of the Manager in managing a Sub-Fund by stating that the Manager shall act in the best interest of the Unitholders and shall fulfill the duties imposed on it by the general law governing the Fund (Clause 2(B));

- (b) clarifications on revaluation of the value of any investment which is not quoted, listed or ordinarily dealt in on a market to be made by a professional person approved by the Trustee as qualified to value such securities (sub-point (2) of paragraph 2(B) of Appendix B);
- (c) replacing all references to “joint custodian” with “co-custodian” (Clause 7(C)(2) and paragraphs 1(B)(4) and 1(C) of Appendix H);
- (d) amending the definitions of “Associates” and “Connected Person” in light of the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
- (e) correcting the cross-reference in the definition of “Redemption Price”;
- (f) inserting the word “lend” before the word “assume” in respect of any obligation or indebtedness of any person (paragraph 24(B) of Appendix G);
- (g) correcting the cross-references in Appendix G;
- (h) updates to paragraph 11 of Appendix G to state that all transactions carried out by or on behalf of the Fund or a Sub-Fund must be at arm’s length. In effecting transactions for the account of any Sub-Fund with brokers or dealers connected to the Manager, the investment adviser of such Sub-Fund or their Connected Persons, the Manager shall ensure that it complies with the relevant requirements (paragraph 11 of Appendix G);
- (i) updates to paragraph 1(A) of Appendix H to include that all cash and registrable assets from time to time comprised in the Fund shall be registered in the name of or to the order of the Trustee and where borrowing is undertaken in respect of a Sub-Fund, such assets may be registered in the lender’s name or in that of a nominee appointed by the lender (paragraph 1(A) of Appendix H);
- (j) updates to paragraph 1(D) of Appendix H to include that for so long as the Fund is authorised by the SFC under section 104 of the SFO, section 41O of the Trustee Ordinance shall not apply to the extent that is inconsistent with paragraph 1(D) of Appendix H and/or with the Trustee’s duties and responsibilities under the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products, and shall not in any way operate to exempt or diminish any liability of the Trustee as set out in paragraph 7 of Appendix I (paragraph 1(D) of Appendix H);
- (k) inserting a paragraph 1(E) of Appendix H to provide however that if the Trustee (i) has exercised reasonable care and diligence in the selection, appointment and ongoing monitoring of such broker, financial institution, or other person (or in each case its nominees) with whom securities, cash and/or other property are deposited; and (ii) is satisfied that such broker, financial institution, or other person (or in each case its nominees) retained remain suitably qualified and competent to provide the relevant service, the Trustee is not liable for any act, omission, insolvency, liquidation or bankruptcy of a broker, financial institution, or other person (or in each case its nominees), who is not a Connected Person of the Trustee and with whom securities, cash and/or other property are deposited at the instruction of the Manager, in order to satisfy any margin, collateral or other security requirement of such person pursuant to a financial transaction entered into on behalf of the Fund or to comply with applicable law or regulation where the Trustee is restricted from holding such securities, cash and/or other property (paragraph 1(E) of Appendix H);
- (l) updates to paragraph 7 of Appendix I to state that any indemnity expressly given to the Trustee or to the Manager in the Trust Deed is in addition and without prejudice to any indemnity allowed by law, provided that nothing in any of the provisions of the Trust Deed shall, in any case exempt them from or indemnify them against any liability imposed under the laws of Hong Kong (including in the case of the Trustee, under the Trustee Ordinance) or for breach of trust through fraud or negligence for which they may be liable in relation to their duties and neither the Trustee nor the Manager may be indemnified against such liability by Unitholders or at Unitholders' expense (paragraph 7 of Appendix I); and
- (m) inserting a paragraph 7A of Appendix I to include that for so long as the Fund and the Sub-Funds are authorised by the SFC under section 104 of the SFO, 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-Funds 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). 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 (paragraph 7A of Appendix I).

Pursuant to 6.7 of the Code, the New Trustee has certified to the SFC that:-

- (i) the above amendments to the Trust Deed by way of the Supplemental Deed (save in respect of the amendments to paragraph 1(A) of Appendix H, paragraph 1(D) of Appendix H and paragraph 7 of Appendix I of the Trust Deed (under items (h), (i) and (k) above respectively)) do 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 liability under the Trust Deed and (with the exception of the payment of fees and expenses incurred in relation to the preparation and execution of the Supplemental Deed) will not result in any increase in the amount of costs and charges payable from the assets of any Sub-Fund; and
- (ii) the above amendments to paragraph 1(A) of Appendix H, paragraph 1(D) of Appendix H and paragraph 7 of Appendix I of the Trust Deed by way of the Supplemental Deed (under items (h), (i) and (k) above respectively) are necessary to make possible compliance with any fiscal, statutory or official requirement.

3. Consequences of Changes

The above changes will not result in (i) any increment in the current and maximum investment management fees and trustee fees payable by the Fund or the Sub-Fund; or (ii) any additional type of fee being payable by Unitholders; (iii) any change in respect of fees payable by the Fund, the Sub-Funds or Unitholders; or (iv) any change in the dealings in the Fund or the Sub-Funds.

The fees and expenses incurred in connection with the above changes, including but not limited to the costs and expenses for issuing the notice to Unitholders and amending the Trust Deed, the Explanatory Memorandum, which amount to approximately HK\$74,043.75, will be borne by the Sub-Funds.

C. Guotai Junan Greater China Growth Fund - Change in Investment Policy

1. Reduction of maximum exposure to A Shares

With effect on and from the Effective Date, the **Guotai Junan Greater China Growth Fund's** maximum exposure to A Shares will be reduced from 35% to 20% of the aforesaid Sub-Fund's Net Asset Value.

As the aforesaid Sub-Fund currently does not intend to invest in A Shares, we believe that the change of the investment policy of the Sub-Fund does not amount to a material change to the Sub-Fund and there will be no increase in the overall risk profile of the Sub-Fund following the change.

2. Amendments to Explanatory Memorandum

Appendix A of the Explanatory Memorandum will be amended by updating the sub-section headed "Investment Portfolio" under the section headed "INVESTMENT OBJECTIVE AND STRATEGY" to reflect the change in investment policy.

D. Establishment of New Class of Units

In respect of each of the Guotai Junan Greater China Growth Fund and Guotai Junan Equity Income Fund, a new class of Units denominated in RMB, Class M Units, will be established and offered to retail investors in the People's Republic of China (the "**PRC**") only for subscription once the relevant Sub-Fund has obtained the approval of and is registered with the China Securities Regulatory Commission for distribution in the PRC under the Mainland-Hong Kong Mutual Recognition of Funds initiative.

The Trust Deed (together with its supplemental deeds), the Deed of Retirement and Appointment and the Supplemental Deed 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 offices of the Manager at 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. Copies of such documents can be purchased from the Manager on payment of a reasonable fee.

The updated Explanatory Memorandum and the Product Key Facts Statements containing information of the Fund and Sub-Funds will be available on the Effective Date at the Manager's website <http://www.gtja.com.hk> and for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager.

If you have any questions relating to the above, please contact the Manager at (852) 2509 7714.

The Manager accepts full responsibility for the accuracy of the information contained in this notice and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading as at the date of issuance.

Guotai Junan Assets (Asia) Limited

19 October 2016