

GUOTAI JUNAN INVESTMENT FUNDS
(the “Fund”)

Guotai Junan Greater China Growth Fund
(the “Sub-Fund”)

NOTICE TO UNITHOLDERS

This document is important and requires your immediate attention. If you are in any doubt about the content of this document, you should seek independent professional advice.

Capitalised terms used but not otherwise defined in this Notice have the meanings given to them in the explanatory memorandum of the Guotai Junan Investment Funds (“Fund”) dated November 2016, as amended and supplemented from time to time (“**Explanatory Memorandum**”).

The Manager and the directors of the Manager accept 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 in this Notice misleading as at the date of issuance.

31 December 2019

Amendments to Reflect Requirements under the Revised Code on Unit Trusts and Mutual Funds

Dear Unitholders,

We, as the Manager of the Fund and the Sub-Fund, are writing to inform you of certain changes to the Fund and the Sub-Fund.

A. Background

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**”), which has been revised with effect from 1 January 2019. A 12-month transition period from 1 January 2019 has been provided by the SFC for existing funds, such as the Fund and the Sub-Fund, to comply with the revised Code.

The trust deed of the Fund (“**Trust Deed**”) has been amended by way of a supplemental deed (“**Supplemental Deed**”), the Explanatory Memorandum of the Fund has been amended by way of a revised Explanatory Memorandum (“**Revised Explanatory Memorandum**”) and the Product Key Facts Statement (“**KFS**”) of the Sub-Fund has been amended by way of a revised KFS (“**Revised KFS**”) to reflect the requirements under the revised Code.

B. Changes pursuant to the revised Code

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

1. Trustee and Manager – amendments relating to the additional obligations of the Trustee and the Manager under Chapters 4 and 5 respectively of the revised Code.
2. Investment Restrictions: Core Requirements – amendments reflecting 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, restriction on investment in commodities, restrictions on making loans, limitations on borrowing, financial derivative instruments, securities financing transactions and collateral etc.

In particular, the Sub-Fund's net derivative exposure may be up to 50% of its latest available Net Asset Value.

A summary of the key revised investment restrictions / requirements and borrowing restrictions pursuant to the revised Code and information on the net derivative exposure in respect of the Sub-Fund is set out in Annexure A enclosed with this Notice.

3. Other Amendments – other amendments and enhancement of disclosures to reflect the requirements of the revised Code including the following:
- (a) enhanced disclosures on custody arrangements;
 - (b) amendments to reflect the requirements under the revised Code on transactions with connected persons and soft dollars arrangements;
 - (c) enhanced disclosures on arrangements in handling unclaimed proceeds of the Unitholders where the Sub-Fund is terminated; and
 - (d) other miscellaneous amendments to better reflect the revised Code.

Please refer to the Revised Explanatory Memorandum, the Revised KFS and/or the Supplemental Deed for further details.

C. Publication of notice of suspension

Instead of publishing a notice of suspension in one Hong Kong English newspaper and one Hong Kong Chinese newspaper (including but not limited to the South China Morning Post and Hong Kong Economic Times), the Manager shall publish the suspension notice on its website at <http://www.gtja.com.hk>¹ immediately after any declaration of suspension and at least once a month during the period of such suspension.

D. Publication of the Net Asset Value per Unit of the Sub-Fund

In addition to publishing the Net Asset Value per Unit of the Sub-Fund daily in Hong Kong in the South China Morning Post and in the Hong Kong Economic Times and/or any other newspaper which the Manager may from time to time determine and notify the Unitholders, the Net Asset Value per Unit of the Sub-Fund will also be available on the Manager's website at <http://www.gtja.com.hk>¹.

E. Other amendments

The following changes will also be made to the Explanatory Memorandum:

- (a) updates to the board of directors of the Manager, including the profiles of the directors;
- (b) updates to the tax disclosures relating to the PRC;
- (c) consolidation of the amendments set out in the addenda to the Explanatory Memorandum; and
- (d) other miscellaneous updates and editorial amendments.

F. Implication of Changes

Save as disclosed in this Notice, the changes set out in this Notice will 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 these changes. These changes

¹ This website has not been reviewed by the SFC or authorized by the SFC.

will also not result in a change in the manner in which the Fund and the Sub-Fund currently operate or are being managed save as disclosed in this Notice.

G. Availability of Documents

Copies of the Trust Deed together with all supplemental deeds (including the Supplemental Deed) can be inspected free of charge at the Manager's office during normal business hours (except on Saturdays, Sundays and public holidays).

The Revised Explanatory Memorandum and the Revised KFS are available on the Manager's website at <http://www.gtja.com.hk>¹ and available free of charge upon request from the Manager's office during normal business hours (except on Saturdays, Sundays and public holidays).

H. Enquiries

If you have any questions relating to the above, please contact the Manager at 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong or (852) 2509 7746.

We would like to take this opportunity to thank you for your valuable support and we look forward to be of continued service to you.

Yours faithfully,

For and on behalf of
Guotai Junan Assets (Asia) Limited

ANNEXURE A

SUMMARY OF KEY REVISED INVESTMENT RESTRICTIONS / REQUIREMENTS AND BORROWING RESTRICTITONS PURSUANT TO THE REVISED CODE AND INFORMATION ON NET DERIVATIVE EXPOSURE

The key amendments to the investment and borrowing restrictions of the Sub-Fund 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, 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 in accordance with its investment objective and policy subject to the limit that the 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 provided that such limit may be exceeded in such circumstances as permitted under the revised Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time.

Net derivative exposure shall be calculated in accordance with the revised Code and the requirements and guidance issued by the SFC which may be updated from time to time.

For the avoidance of doubt, there is no change to the Sub-Fund's use of financial derivative instruments. 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.

- (h) to limit the exposure to each counterparty, the Sub-Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements in the revised Code.