

NOTICE TO INVESTORS

4 November 2013

Dear Investors,

Guotai Junan Investment Funds

Notice of establishment of the Guotai Junan Hong Kong Dollar Bond Fund

Thank you for your continued support of the Guotai Junan Investment Funds ("**Trust**"). As you may be aware, there are currently two sub-funds under the Trust which are available for investment in, namely the Guotai Junan Greater China Growth Fund and the Guotai Junan Equity Income Fund. We are pleased to inform you that a third sub-fund, namely Guotai Junan Hong Kong Dollar Bond Fund (the "**New Sub-Fund**"), will be launched on 22 November 2013. Certain amendments will be made to the Trust documents to reflect the establishment of the New Sub-Fund. These changes are summarised below and will affect all 3 sub-funds.

Unless the context otherwise requires, defined terms used in the Explanatory Memorandum of the Trust will have the same meaning in this notice.

I. Trust Deed

The Trust was established by a trust deed dated 29 August 2007 ("**Trust Deed**") made between HSBC Trustee (Cayman) Limited (the "**Trustee**") and Guotai Junan Assets (Asia) Limited (the "**Manager**"). Pursuant to the provisions of the Trust Deed, the Trustee and Manager may, from time to time, establish separate sub-funds. The New Sub-Fund will be set up by a Supplemental Deed dated 15 October 2013. The Trustee has certified (in writing) that establishing the New Sub-Fund and creating the Supplemental Deed:

- does not materially prejudice the interests of the Unitholders;
- does not, to any material extent, release the Trustee, Manager or any other person from any responsibility under the Trust Deed; and
- will not result in any increase in the amount of costs and charges payable by any sub-fund under the Trust and borne by the Unitholders.

II. Explanatory Memorandum

Appendix C has been inserted into the Explanatory Memorandum which sets out the detailed terms of the New Sub-Fund, including (but not limited to) its investment objectives and strategy, expenses and charges, subscription and redemption policies as well as the relevant risk factors.

In addition, we have made further updates to the main body of the Explanatory Memorandum which reflect the current activities of the Trust and comply with the latest Code on Unit Trusts and Mutual Funds (the "**UT Code**") published by the Securities and Futures Commission ("**SFC**"). Your attention is drawn to the key changes summarised below. The management fees and charges of the Trust (including the sub-funds) remain unchanged.

Manager and Trustee Section

1. The biographies of the Manager's current directors and some investment team members have been updated and now appear in the Explanatory Memorandum as follows:
 - a. Dr. Yim Fung holds a doctorate degree in Economics from the Graduate School of the Chinese Academy of Social Sciences and a Bachelor's degree in Environmental Engineering from Tsinghua University. He has over 21 years' experience in the securities industry. Dr. Yim is licensed as a responsible officer with the SFC to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities on behalf of Guotai Junan Securities (Hong Kong) Limited. Dr. Yim also acts as a responsible officer of the Manager and is licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (assets management) regulated activities. He is the Chairman, Executive Director and Chief Executive Officer of GTJAI. Dr. Yim was appointed Justice of the Peace in July 2013.
 - b. Mr. Yuan Junping holds a Bachelor's degree and a Master's Degree in Sciences from Huazhong University of Science and Technologies. He has over 20 years' experience in the securities industry in the PRC. From 1993 to 2000, Mr. Yuan was the Director and Executive Director of the Corporate Finance Department of Guotai Junan in the PRC, the parent company of Guotai Junan Assets (Asia) Limited. He was the Research Manager, Senior Fund Manager, and Portfolio Manager of Guotai Junan between 2000 and 2005. Mr. Yuan joined Guotai Junan Assets (Asia) Limited in 2005 as Deputy General Manager and Chief Fund Manager, for the Japan domiciled funds under the management of Guotai Junan Assets (Asia) Limited. In January 2008, Mr. Yuan was appointed as one of the directors of Guotai Junan Fund Management Limited and the Chief Investment Officer of Guotai Junan Assets (Asia) Limited. Mr. Yuan was also appointed as the Head of Guotai Junan Assets (Asia) Limited on 7 March 2011. He is licensed as a responsible officer with the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities), and Type 9 (asset management) regulated activities on behalf of Guotai Junan Assets (Asia) Limited.
 - c. Mr. Weng Xiyun holds a Master degree of Economics (major in Finance) and a Bachelor degree of Science (major in Mathematics) from Fudan University. Mr. Weng has more than 7 years of working experience in the China securities markets. Before Mr. Weng joined the Manager in December 2011, he worked as the Vice General Manager of Fixed Income Investment Department in SooChow Securities Company Limited for 4 months. From January 2004 to December 2006, Mr. Weng used to work as Chief Bond Trader and Bond Analyst in AEGON-INDUSTRIAL Fund Management Co., Ltd. in China. From December 2006 to July 2008, Mr. Weng joined WanJia Asset Management co., Ltd. in China as an assistant Fund Manager. From July 2008 to June 2011, Mr. Weng worked in Guotai Asset Management Co., Ltd. as fund manager of "Guotai Money Market Fund", "Guotai Guaranteed Fund" and portfolio manager of "SSF

409/709". Mr. Weng holds a General Security Certificate issued by the Securities Association of China, a Certificate of Bond Trusteeship and Settlement and a Certificate of National Interbank Trading and a licensed representative for Type 4 (advising on securities) and Type 9 (asset management) regulated activities with the SFC.

- d. Mr. Ng King Kwong holds a Bachelor of Laws degree from the University of London and a Bachelor of Engineering degree in Information Engineering from the University of Hong Kong. From 2007 to 2012, he worked for BOCI-Prudential Asset Management Limited on bond trading and portfolio management of bond funds. He was responsible for fixed income trading and assisting in portfolio management. He is currently an assistant portfolio manager to assist in portfolio management for the Guotai Junan Great Dragon China Fixed Income Fund, which is a RMB Qualified Foreign Institutional Investor ("RQFII") product.

Mr. Ng is a CFA Charterholder and designated as a Financial Risk Manager (FRM) awarded by the Global Association of Risk Professionals. Mr. Ng is also licensed with the SFC and is accredited as a representative to carry on Type 9 (asset management) regulated activities.

Purchase of Units Section

Payment of Subscription Amount

2. The description of the Subscription Price has been revised and now states that the Subscription Price will be calculated in the base currency of a particular sub-fund and further that the Subscription Price will only be quoted by the Manager in that base currency.

Payment of Redemption Proceeds Section

3. The description of the Redemption Price has been revised and now states that the Redemption Price will be calculated in the base currency of a particular sub-fund and further that the Redemption Price will only be quoted by the Manager in that base currency.

Valuation Section

4. As advised by the Auditors of the Trust, as the Hong Kong Financial Reporting Standards ("HKFRS") 13 "Fair Value Measurement" took effect from 1 January 2013, funds are no longer restricted to adopt "last closing bid or ask prices" on valuation. Therefore disclosure on the method used to value the assets of a sub-fund based on "last traded price" has been deleted.

Expenses and Charges Section

5. Additional disclosure has been inserted which sets out the details of the New Sub-Fund's establishment costs. This disclosure covers the following points:
 - a. The costs of establishment of the New Sub-Fund will be approximately HK\$ 550,000 and will be charged to the assets of the New Sub-Fund;
 - b. It is the intention of the Manager to amortise the establishment expenses of the New Sub-Fund over a 60 month period;
 - c. The proposed treatment of amortising the establishment costs over 60 months is not in accordance with the requirements of the HKFRS, under which the establishment costs should be expensed at the point of commencement of the New Sub-Fund's operations. The Manager believes that such treatment is more equitable to the initial investors than expensing the entire amount as they are incurred and are of the opinion that the departure is unlikely to be material to the New Sub-Fund's financial statements; and
 - d. If the amounts involved are material to the audit of the New Sub-Fund's financial statements, the Manager may be required to make adjustments in the annual financial statements of the New Sub-Fund in order to comply with the HKFRS, and if relevant will include a reconciliation note in the annual accounts of the New Sub-Fund to reconcile amounts shown in the annual financial statements determined under the HKFRS to those arrived at by applying the amortisation basis to the New Sub-Fund's organisational expenses and costs.

Reports and Accounts Section

6. The currency of the audited accounts has been revised and now states that the currency of the English audited accounts will be in each sub-fund's base currency.

Regulation in the Cayman Islands Section

7. The amount of the prescribed registration and recurring annual fee to be paid to the Monetary Authority in the Cayman Islands has been updated from US\$3,660 to US\$4,269.

III. Appendix A Guotai Junan Greater China Growth Fund

Investment Objective and Strategy Section

Investment Strategy – QFII

8. Disclosure has been amended and now covers the following points:
 - a. On 21 February 2013, the Manager has obtained Qualified Foreign Institutional Investors ("QFII") status in the PRC;

- b. Notwithstanding the Manager's QFII status, if the Sub-fund will invest in A Shares, the Manager will have to obtain the SFC's approval and provide one month's prior notification to investors; and
- c. At present, the Sub-fund does not intend to invest in A Shares. Please refer to the risk factor section for details of the risks involved in an investment by means of QFII in the PRC.

Distribution Section

- 9. The distribution procedure has been revised and now states that distributions to Unitholders will not be made out of or effectively out of the Sub-fund's capital.

Risk Factors

- 10. The risk factor in relation to the QFII regime in PRC has been revised and now appears as follows:

QFII Risk

Under the prevailing regulations in the PRC, foreign investors can invest in A Shares through institutions that have obtained QFII status in the PRC. The current QFII regulations impose strict restrictions (including rules on investment restrictions, minimum investment holding period and repatriation of principle and profits) on A Share investment. In extreme circumstances, the Sub-fund may incur losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategy, due to QFII investment restrictions, illiquidity of the A Shares market, and/or delay or disruption in execution of trades or in settlement of trades.

- 11. The risk factor in relation to the Restriction on Auditors' Liability has been revised and now appears as follows:

Restriction on Auditors' liability

The engagement letter, to be entered into between the Fund and the auditor of the Fund, Ernst & Young, Ltd. Cayman Islands, contains provisions limiting the liability of the auditor to three times the fees paid to the auditor for the services or work product giving rise to the liability except to the extent finally determined to have resulted from the wilful or intentional neglect or misconduct, or fraudulent behaviour of the auditor. The engagement letter also contains a provision limiting the auditor's liability to claims brought against the auditor within three years of the act or omission alleged to have caused the loss in question. Other release and indemnity provisions are also contained in the engagement letter relating to consequential loss, third party claims and fraudulent acts or omissions, misrepresentations or wilful default on the part of the Fund, its Manager, employees or agents.

IV. Appendix B Guotai Junan Equity Income Fund

Distribution Section

12. The distribution procedure has been revised and now states that distributions to Unitholders will not be made out of or effectively out of the Sub-fund's capital.

Risk Factors

13. The risk factor in relation to the Restriction on Auditors' Liability has been revised and now appears as follows:

Restriction on Auditors' liability

The engagement letter, to be entered into between the Sub-Fund and the auditor of the Sub-fund, Ernst & Young, Ltd., Cayman Islands, contains provisions limiting the liability of the auditor to three times the fees paid to the auditor for the services or work product giving rise to the liability except to the extent finally determined to have resulted from the wilful or intentional neglect or misconduct, or fraudulent behaviour of the auditor. The engagement letter also contains a provision limiting the auditor's liability to claims brought against the auditor within three years of the act or omission alleged to have caused the loss in question. Other release and indemnity provisions are contained in the engagement letter relating to consequential loss, third party claims and fraudulent acts or omissions, misrepresentations or wilful default on the part of the Sub-fund, its Manager, employees or agents.

V. Appendix C Guotai Junan Hong Kong Dollar Bond Fund

14. A new appendix has been added to set out details of the New Sub-Fund.

A copy of the Supplemental Deed and the updated Explanatory Memorandum is available at our registered office at 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The updated Explanatory Memorandum is also available on our website <http://www.gtja.com.hk>.

Should you have any queries in relation to this notice, please contact us at (852) 2509-2652.

Guotai Junan Assets (Asia) Limited