

Dated: 19 December 2018

**Haitong MPF Retirement Fund (the “Scheme”)**

**Notice to Participating Employers and Members**

**Attention: This document is important and requires your immediate attention. If you are in any doubt about the contents of this document, you should seek independent professional advice. HSBC Institutional Trust Services (Asia) Limited (“Trustee”) and Haitong International Investment Managers Limited (“Investment Manager”) each accept responsibility for the information contained in this document.**

**This notice only contains a summary of changes to the Explanatory Memorandum, and Members should refer to the Explanatory Memorandum for full details. Participating employers and Members may access the latest Explanatory Memorandum of the Scheme via the Investment Manager’s interactive website <http://www.htisec.com/asm> or request for a copy of the Explanatory Memorandum (as amended from time to time) free of charge by contacting Haitong MPF Employers Hotline at (852) 3663 7288, or for Members, Haitong MPF 24 Hours Auto-Info-line at (852) 2500 1600.**

**The Scheme may not be suitable for you. You should consider your own risk tolerance level and financial circumstances before making any investment choices.**

**Unless otherwise defined in this notice, all capitalised terms used in this notice shall have the same meaning as in the Explanatory Memorandum.**

Dear Participating Employers and Members,

**Summary of changes to the Scheme:**

- (1) Updates to the fees disclosures in the Explanatory Memorandum to (i) reflect a further breakdown of the fees payable out of the Constituent Funds and the fees payable by the underlying funds which the Constituent Funds are investing into; and (ii) to remove disclosure of investment management fees payable for time periods that have already passed and are no longer applicable. There is no change to the fees arrangement, and the rates of fees payable out of each Constituent Fund remain the same.
- (2) Updates to the Explanatory Memorandum to reflect editorial amendments, including (i) clarification on the treatment of a Member’s Units upon a termination of a Constituent Fund, if such Member fails to make a choice on his/her Units in the terminating Constituent Fund when requested to do so; and (ii) amendments to provide improved drafting or rectify typographical errors.
- (3) Enhancement of the switching procedures as of 10 July 2018 to reflect the cut off time of 4pm which a switching instruction should be received by, and the designated channels which the switching instruction must be received through.

The above changes do not and will not have any adverse impact on Members of the Scheme and no action is required to be taken by the Members in connection with the changes. For further details, please refer to the relevant sections below in this notice.

Should you have any enquiries regarding the changes, please contact Haitong MPF Employers Hotline at (852) 3663 7288 for employers, or Haitong MPF 24 Hours Auto-Info-line at (852) 2500 1600 for Members.

## 1. Amendments to include disclosure on detailed information on fees

The Explanatory Memorandum has been amended on the date of this notice to include more detailed information relating to the fees payable out of the Constituent Funds, including a corresponding amendment to the explanatory note to the fees table, and removal of certain disclosure in relation to investment management fees for time periods which have already passed and are no longer applicable. There is no change to the fees arrangement, and the rates of fees payable out of each Constituent Fund remain the same.

The disclosure of detailed information relating to fees provides greater transparency, and does not have any adverse impact on you.

For your reference, extracts of the relevant sections of the fees table which have been amended are set out below. You may refer to the sub-sections headed “Investment Management Fees” and “Fee Table” under the section headed “CHARGES AND EXPENSES” in the Explanatory Memorandum for full details of the information on fees.

<b>(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS</b>								
Type of fees, charges & expenses	Name of Constituent Fund	Rate of trustee / administration / custodian fees		Rate of Investment Management Fees		Rate of sponsor fees		Deducted from
		Class A	Class T	Class A	Class T	Class A	Class T	
Management fees <sup>7</sup>	Haitong MPF Conservative Fund	0.40% p.a. of NAV (note c)	0.35% p.a. of NAV (note c)	0.40% p.a. of NAV	0.40% p.a. of NAV	N/A		Relevant constituent fund assets
	Haitong Global Diversification Fund	0.45% p.a. of NAV (note c)	0.35% p.a. of NAV (note c)	Nil	Nil	N/A		
	Haitong Korea Fund	0.40% p.a. of NAV (note c)	0.40% p.a. of NAV (note c)	0.45% p.a. of NAV	0.45% p.a. of NAV	N/A		
	Haitong Asia Pacific (excluding HK) Fund	0.45% p.a. of NAV (note c)	0.40% p.a. of NAV (note c)	0.80% p.a. of NAV	0.80% p.a. of NAV	N/A		
	Haitong Hong Kong SAR Fund	0.55% p.a. of NAV (note c)	0.47% p.a. of NAV (note c)	0.80% p.a. of NAV	0.80% p.a. of NAV	N/A		
	Haitong Core Accumulation Fund	0.275% p.a. of NAV	0.275% p.a. of NAV	Nil	Nil	N/A		
	Haitong Age 65 Plus Fund	0.275% p.a. of NAV	0.275% p.a. of NAV	Nil	Nil	N/A		

<b>(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS</b>					
Type of charges & expenses	Name of Constituent Fund	Rate of Investment Management Fees	Rate of trustee / administration / custodian fees	Other fees	Deducted from
		Class A	Class A	Class A	
Management fees <sup>7</sup>	Haitong Global Diversification Fund	0.37% p.a. of NAV of the relevant underlying fund(s)	0.10% p.a. of NAV of the relevant underlying fund(s) (note d)	N/A	Relevant APIF assets
	Haitong Core Accumulation Fund				
	Haitong Age 65 Plus Fund				

7. “Management fees” include fees paid to the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any) and sponsor or promoter of a scheme or the underlying funds for providing their services to the relevant fund. They are usually charged as a percentage of the NAV of a Constituent Fund. In the case of a DIS Constituent Fund, management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPF Ordinance) be charged as a percentage of the NAV of the DIS Constituent Fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the NAV of the DIS Constituent Fund which applies across both the DIS Constituent Fund and its underlying funds.

Note c: Subject to an annual minimum trustee fee of not exceeding HK\$2,300,000 for the Retirement Fund. Currently, this annual minimum fee is HK\$1,700,000. Any shortfall in this annual minimum fee will be allocated so as to be borne by each of the Constituent Funds in proportion to the respective Net Asset Value of each class of each Constituent Fund (subject to waiver of part or all of such allocation under any Constituent Fund or class thereof that may be agreed by the Trustee from time to time provided that the waived amount shall not be reallocated to another Constituent Fund or class thereof) as at each Valuation Date subject to adjustment (if any). The Trustee may change the aforesaid arrangement by giving not less than three months' notice to affected Members. Such fees and charges are not applicable to the Haitong Core Accumulation Fund or the Haitong Age 65 Plus Fund.

Note d: Trustee, Administration and Custodian fee is subject to a yearly minimum fee of an amount not exceeding HK\$240,000 for each Approved Pooled Investment Fund. Currently, this minimum fee is waived for each Approved Pooled Investment Fund. The aggregate rate of fees chargeable to the Haitong Core Accumulation Fund and the Haitong Age 65 Plus Fund shall not exceed 0.75% per annum of the NAV of each of the Haitong Core Accumulation Fund and the Haitong Age 65 Plus Fund, which includes the fees of the underlying funds as set out in the fee table above.

## 2. Editorial amendments

### A. Amendment to align with trust deed

Disclosure in the Explanatory Memorandum regarding the treatment of a Member's Units upon termination of a Constituent Fund if such Member fails to make a choice on his/her Units in the terminating Constituent Fund, has been amended with effect from 1 April 2017 to align with disclosure in the trust deed.

If a Constituent Fund is terminated, contributions will cease to be invested in such Constituent Fund and amounts invested in such Constituent Fund must be switched (free of charge) into another Constituent Fund chosen by the relevant Member.

If a Member fails to make a choice when requested to do so, previous disclosure in the Explanatory Memorandum provided that *half of the Member's Units in the terminating Constituent Fund will be switched into Haitong MPF Conservative Fund and the other half will be allocated equally among the Constituent Funds with a view to balancing risk and return.* The amended Explanatory Memorandum provides that *all the Member's Units in the terminating Constituent Fund will be realised and such proceeds of realisation shall be invested into the DIS.*

Additionally, any future contributions by or on behalf of the Member which would otherwise be invested in the terminating Constituent Fund will be invested in the DIS (rather than half in the Haitong MPF Conservative Fund with the other half allocated equally among the other Constituent Funds with a view to balancing risk and return as previously disclosed).

You may refer to the section headed "ESTABLISHMENT AND TERMINATION OF CONSTITUENT FUNDS" for full details.

### B. Cosmetic editorial amendments

The Explanatory Memorandum has been amended on the date of this notice to include cosmetic editorial amendments, a summary of which is set out below:

- Under the Explanatory Notes to the fees table in the "Charges and Expenses" section, the reference to "Prospectus" has been amended to "Explanatory Memorandum".
- The last sentence in the sub-section "Circumstances for accrued benefits to be invested in the DIS" in the section headed "Constituent Funds" regarding consulting the Trustee if a participating employer or Member has any doubt on the impact of the DIS has been rephrased to reflect improved drafting.

You may refer to (i) sub-section "EXPLANATORY NOTES" in the section headed "CHARGES AND EXPENSES"; and (ii) sub-section "Circumstances for accrued

benefits to be invested in the DIS” in the section headed “CONSTITUENT FUNDS for full details.

### **3. Amendments in relation to switching procedures**

The Explanatory Memorandum has also been amended on 10 July 2018 to include more detailed information relating to switching procedures of all or part of the Units relating to a Constituent Fund. There is no change to the switching procedures and the amendment reflects the existing practice.

The disclosure of detailed information relating to switching procedures provides greater transparency, and does not have any adverse impact on you.

You may refer to the section headed “Instructions To Change Investment” in the Explanatory Memorandum for full details of the enhanced disclosure of switching procedures.

Participating employers and Members may access the latest Explanatory Memorandum of the Scheme via the Investment Manager’s Interactive Website <http://www.htisec.com/asm> or request for a copy of the Explanatory Memorandum (as amended from time to time) free of charge by contacting Haitong MPF Employers Hotline at (852) 3663 7288, or for Members, Haitong MPF 24 Hours Auto-Info-line at (852) 2500 1600.

A copy of the Trust Deed and any supplemental deeds or the offering document(s) of the relevant approved pooled investment funds will also be available for inspection at the Investment Manager’s office at 21/F - 22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong during normal office hours (Monday to Friday (excluding public holidays), from 9:00a.m. to 6:00p.m.).

Should you have any enquiries in relation to the above changes, please do not hesitate to contact the Trustee at (852) 2500 1600, or Haitong MPF Employers Hotline at (852) 3663 7288.

**HSBC Institutional Trust Services (Asia) Limited and Haitong International Investment Managers Limited**