

Dated: 19 February 2021

Important Notice: This document requires your immediate attention. It contains information regarding changes to the MPF scheme brochure for Haitong MPF Retirement Fund (the "Retirement Fund") dated 1 April 2020 (as amended by the First Addendum dated 1 May 2020) (the "MPF Scheme Brochure").

If you are in any doubt about the contents of this document, you should seek independent professional advice. Haitong International Investment Managers Limited, the sponsor of the Retirement Fund (the "Sponsor") and HSBC Institutional Trust Services (Asia) Limited, the trustee of the Retirement Fund (the "Trustee"), each accepts full responsibility for the accuracy of the information contained in this document and each 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 misleading as at the date of publication.

All capitalised terms used in this notice shall have the meanings as ascribed to them in the MPF Scheme Brochure, unless otherwise stated.

Dear Valued Participating Employers and Members

We are writing to inform you of changes to certain Constituent Funds under the Retirement Fund.

Summary of key changes (the "Changes") to the following Constituent Funds (collectively, the "Affected CFs") effective from 23 March 2021 ("Effective Date"):

Changes

- (a) **Changes to the investment policy of the Haitong Asia Pacific (excluding HK) Fund (the "AP Fund"):** Hong Kong will be included as one of the target geographical locations for the AP Fund's investments. Accordingly, the AP Fund will be renamed as the Haitong Asia Pacific Fund to reflect such a change.
- (b) **Restructuring certain Constituent Funds from direct investment funds to feeder funds (the "DI CFs Restructure"):** Certain Constituent Funds under the Retirement Fund, i.e. the Haitong Hong Kong SAR Fund, the AP Fund and the Haitong Korea Fund (each, a "Restructured CF" and collectively, the "Restructured CFs"), which are currently making direct investments, will be restructured into feeder funds each investing in a single APIF (each, a "New APIF" and collectively, the "New APIFs") to be established under the Haitong APIF Funds (the "APIF Umbrella"). As part of this restructuring, the management fees of the Restructured CFs will be reduced in the manner as set out in section 2.3 under the section "DI CFs Restructure" of this notice.
- (c) **Changes to the investment policy of the Haitong Core Accumulation Fund and the Haitong Age 65 Plus Fund (each, a "DIS CF" and collectively, the "DIS CFs"):** The disclosure of the investment policies of the DIS CFs will be streamlined. Also, there will be changes to the investment policy of one of the APIFs in which the DIS CFs invest. Please refer to section 3 "Changes to the investment policies of the DIS CFs" of this notice for details.
- (d) The board of directors of the Trustee has endorsed the Changes.

Impacts on members

海通國際投資經理有限公司 Haitong International Investment Managers Limited

海通國際證券集團成員 Member of Haitong International Securities Group

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- (e) For the reasons set out in section 4 "Impacts on the scheme participants" of this notice, the Sponsor believes that the Changes will be in the scheme participants' interests and will not have any adverse impact on the scheme participants' interests.
- (f) The costs of the Changes will be borne by the Sponsor. As such, no expenses relating to the Changes will need to be borne by the scheme participants.

Actions required of the scheme participants

- (g) Scheme participants who are participating employers, self-employed persons, holders of personal accounts in the Retirement Fund, SVC Members or TVC Members may transfer out of the Retirement Fund to another MPF scheme if they do not wish to be involved in the Changes.
- (h) Scheme participants who are employee members and do not wish to be involved in the Changes may transfer their accrued benefits derived from their employee mandatory contributions under their current employment to another MPF scheme of their choice once every year.
- (i) Alternatively, scheme participants may switch their existing investments out of the Affected CF(s) to other Constituent Fund(s) under the Retirement Fund and/or change their investment mandate in respect of new contributions/transfer-in benefits to other Constituent Funds under the Retirement Fund.
- (j) No action is required of the scheme participants if they do not object to the Changes.
- (k) Please refer to section 5 "Actions required of the scheme participants" of this notice for details.
- (l) No fees or penalty, bid/offer spread or transfer fee will be imposed on any transfer out of the Retirement Fund or switching existing investments out of the Affected CF(s).

Any query?

If you have any questions regarding the information in this notice, please contact, for participating employers, Haitong MPF Employers Hotline at (852) 3663 7288, and for members, Haitong MPF 24 Hours Auto-Info-line at (852) 2500 1600.

1. Changes to the investment policy of the AP Fund

To better accommodate rapid changing market conditions and benefit from the Asia Pacific economic growth more effectively, the AP Fund will include Hong Kong as one of the target geographical locations for its investments from the Effective Date. The addition of Hong Kong as one of the target geographical locations will help diversity the investments, and in turn reduce the level of concentration risk of the investments. The Sponsor therefore believes that such a change to the investment policy of the AP Fund will be in the scheme participants' interests. Correspondingly, the AP Fund will be renamed as the Haitong Asia Pacific Fund to reflect such a change.

2. DI CFs Restructure

Restructuring certain Constituent Funds from direct investment funds to feeder funds

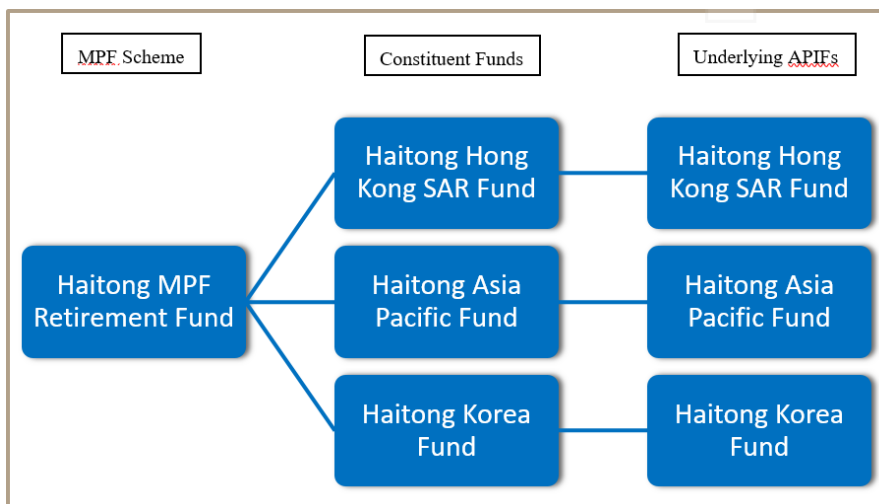
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- 2.1. On the Effective Date, as part of the regrouping of the MPF offerings of the Sponsor, the Restructured CFs will be restructured from direct investment funds to feeder funds, each investing in a New APIF in the manner as follows:



- 2.2. The Sponsor will continue to be the Investment Manager of the Restructured CFs.
- 2.3. Alongside the transformation, the aggregate of the management fees (as defined in the section "FEES AND CHARGES" of the MPF Scheme Brochure) of the Restructured CFs covering both Constituent Fund and underlying fund levels, will be reduced as follows:

Name of Constituent Fund	Before the Effective Date		On and after the Effective Date	
	Class A	Class T	Class A	Class T
Haitong Hong Kong SAR Fund	1.35% p.a. of NAV	1.27% p.a. of NAV	1.26% p.a. of NAV	1.18% p.a. of NAV
Haitong Asia Pacific (excluding HK) Fund (to be renamed as the Haitong Asia Pacific Fund)	1.25% p.a. of NAV	1.20% p.a. of NAV	1.14% p.a. of NAV	1.09% p.a. of NAV
Haitong Korea Fund	0.85% p.a. of NAV	0.85% p.a. of NAV	0.72% p.a. of NAV	0.72% p.a. of NAV

How will the DI CFs Restructure be effected

- 2.4. To facilitate the DI CFs Restructure, the New APIFs will be set up under the APIF Umbrella for each of the Restructured CFs to invest in respectively.
- 2.5. The Changes will involve each Restructured CF investing in the corresponding New APIF instead of making direct investments. The current underlying investments of each Restructured CF will be rolled over to the corresponding New APIF. In particular, with regard to the AP Fund, although there will be a change to its investment policy, such change will not result in immediate change to its underlying investments. All of the AP Fund's underlying investments will be rolled over to the corresponding New APIF, although in the future it may invest in Hong Kong securities. The rolling over for each Restructured CF will be effected by the Trustee redeeming the current underlying investments of each Restructured CF in specie and applying the redemption proceeds in specie to subscribe for

units held in the corresponding New APIF. Such transition will not pose out-of-market risks. From the Effective Date, the Restructured CFs will each be investing in its corresponding New APIF.

- 2.6. The Sponsor confirms that proper arrangements with the related parties, including the investment manager of the New APIFs, will be in place to ensure that there will be smooth transition for the Restructured CFs, and the Sponsor has sufficient resources and capability to effect the DI CFs Restructure such that the scheme participants' interests will be adequately protected.

3. Changes to the investment policies of the DIS CFs

- 3.1. The DIS CFs currently invest in two APIFs, namely, the Haitong Global Bond Fund ("**GBF APIF**") and the Haitong Global Diversification Fund under the APIF Umbrella. The investment policy of the GBF APIF will be updated so that, instead of confining its debt securities investment to bonds issued by exempt authorities*, it may invest in any bonds so long as they qualify as permissible investments under schedule 1 to the Mandatory Provident Fund Schemes (General) Regulation. The investment manager of the GBF APIF, who is also the investment manager of the DIS CFs, currently intends to invest in bonds issued by governments, government controlled entities or corporates with investment grade ratings, taking into account the prevailing economic and industrial situations and quality and liquidity of the bonds' issuers.

**The term "exempt authorities" means the Government, the Exchange Fund established by the Exchange Fund Ordinance, a company all of the shares of which are owned beneficially by the Government, or a government, the central or reserve bank of a country or territory, or a multilateral international agency all with the highest possible credit rating determined by a credit rating agency approved by the Authority.*

- 3.2. We have taken this opportunity to revisit the disclosure of the investment policies of the DIS CFs. We have decided to streamline the disclosure of the investment policies of the DIS CFs. The streamlined investment policies will continue to specify the APIFs in which the DIS CFs invest but will no longer expand on the underlying investments of the APIFs. Given the investment allocation between higher risk assets (mainly global equities) and lower risk assets (mainly global bonds) of the DIS CFs must at all times meet the statutory requirements, we do not consider the streamlined disclosure would adversely affect the scheme participants' interests.

4. Impacts on the scheme participants

- 4.1. The Sponsor believes that the Changes, especially with the management fee reduction of the Restructured CFs, will enhance the competitiveness of the Affected CFs. The streamlining of the disclosure of the investment policies of the DIS CFs will also add operational efficiency. In addition, the risk levels of each Affected CF will remain the same after the Changes. The Sponsor therefore believes that the Changes will be in the scheme participants' interests and will not have any adverse impact on the scheme participants' interests.
- 4.2. All costs and expenses associated with the Changes will be borne by the Sponsor and will not be borne by the Retirement Fund or the scheme participants.

5. Actions required of the scheme participants

- 5.1. No action is required of the scheme participants to effect the Changes. In addition, with the advantages the Changes may bring (as described above), we would hope the scheme participants will stay and benefit from them. That said, if a scheme participant for whatever reason does not want to be affected by the Changes, then please see below.
- 5.2. A scheme participant (not being an employee member) who does not wish to be involved in the Changes may transfer out of the Retirement Fund to another MPF scheme. Any instructions to

transfer out of the Retirement Fund will be processed in accordance with the normal procedures applicable to transferring accrued benefits out of the Retirement Fund.

- 5.3. An employee member will not be able to transfer out of the Retirement Fund unless his participating employer elects to do so. However, an employee member may transfer any accrued benefits derived from employee mandatory contributions under his current employment to another MPF scheme of his choice once every year under the Employee Choice Arrangement.
- 5.4. Alternatively, a scheme participant who does not wish to be involved in the Changes may: (i) switch his existing investment in the Affected CF(s) to other Constituent Fund(s) under the Retirement Fund, and/or (ii) change his investment mandate in respect of any new contributions and transfer-in benefits by submitting to the Trustee a validly completed fund switching form (i.e. the Change of Investment Switching/Redirection Form).
- 5.5. For details of how the processes in sections 5.2, 5.3 and 5.4 will be effected, please refer to sub-sections E.1, C.10 and C.11 of section "ADMINISTRATIVE PROCEDURES" of the MPF Scheme Brochure.
- 5.6. No fees or penalty, bid/offer spread or transfer fee will be imposed on any transfer out of the Retirement Fund or switching existing investments out of the Affected CF(s).
- 5.7. No action is required of the scheme participants if they do not object to the Changes.

The MPF Scheme Brochure is revised by way of a second addendum to reflect the Changes set out above. We have also taken this opportunity to align the presentation of the disclosure of the Haitong Global Diversification Fund (without changing its investment objective or policy) to align with the updated presentation of the disclosure of the Restructured CFs, and update the names (i.e. replacing the Chinese names with the English names) of the underlying APIFs of the Constituent Funds as referred to in the MPF Scheme Brochure as a result of the removal of the Chinese version of the explanatory memorandum of the underlying APIFs. This document only describes major changes to the Retirement Fund. You are advised to refer to the MPF Scheme Brochure for further details on the Changes.

All the Changes are fully set out in the revised MPF Scheme Brochure. Participating employers and Members may access the MPF Scheme Brochure via our Interactive Website <http://www.htisec.com/asm> after 23 March 2021 or request a copy of the revised MPF Scheme Brochure by contacting, for employers, Haitong MPF Employers Hotline at (852) 3663 7288, and for Members, Haitong MPF 24 Hours Auto-Info-line at (852) 2500 1600.

Should you have any enquiries in relation to the Changes, please do not hesitate to contact, for employers, our Haitong MPF Employers Hotline at (852) 3663 7288, or for Members, Haitong MPF 24 Hours Auto-Info-line at (852) 2500 1600.

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