

*Haitong Unit Trusts*

**Haitong SRI Asia Fund (“Fund”)**

**NOTICE TO UNITHOLDERS**

8 September 2014

**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.**

**Unless otherwise indicated, all undefined capitalised terms have the same meanings in this notice as in the Explanatory Memorandum for the Fund. The Manager accepts responsibility for the accuracy, as at the date of this notice, of the information contained in it.**

Dear Unitholder

We would like to inform you that we, as the Manager of the Fund, have decided to terminate the Fund with effect from 8 December 2014.

**1. Reason for termination of the Fund**

Clause 45.3 of the Trust Deed of the Fund dated 18 April 1989 (as amended, restated and supplemented from time to time) (“**Trust Deed**”) provides that we may, in our absolute discretion, terminate the Fund by giving written notice to the Trustee and by giving not less than three (3) months’ notice to all Unitholders under certain circumstances. One such circumstance is if, after the first year from the date of the Trust Deed, the aggregate Net Asset Value of the Fund is less than HK\$50,000,000 for a continuous period of three (3) months, ending no later than ninety (90) days, before the date of this notice.

The Net Asset Value of the Fund as at 31 July 2014 was HK\$ 20,274,779.99 and has been less than HK\$50,000,000 for a continuous period of three (3) months immediately preceding the date of this notice. We have decided to terminate the Fund with effect from 8 December 2014 (“**Termination Date**”). For this reason, we have given written notice of our decision to the Trustee and it has given its approval to terminate the Fund, and accordingly, an Extraordinary Resolution of Unitholders in the Fund will not be required for the termination of the Fund.

In making the decision to exercise our discretion to terminate the Fund, we have taken into account the relevant factors including interests of the Unitholders in the Fund as a whole and the current relatively small Net Asset Value. Therefore, we believe that the Fund can no longer be managed in a cost efficient manner, as the expenses on a per Unit basis required to run the Fund are relatively high.

**2. Estimated expenses for the termination arrangements**

The total expense ratio of the Fund as at 30 June 2014 is 3.90% of the Net Asset Value of the Fund per annum, which represents the Fund’s management fee, trustee fees, transaction costs, auditor and

legal fees, and other miscellaneous expenses accrued during the 2013 fiscal year (i.e. from 1 July 2013 to 30 June 2014) as a percentage of the Fund's average assets for the 2013 fiscal year, which have been borne by the Fund. Unitholder should note that provision of the estimated cost to terminate the Fund of HK\$177,500 will be made as of the date of this notice and accordingly reflected in the Fund's Net Asset Value. There are no unamortized preliminary expenses in relation to the Fund.

### **3. Cease of Subscription of Units**

With immediate effect, the Fund will not be marketed or offered to the public in Hong Kong and the Fund shall not accept subscriptions for Units regardless of the distribution or subscription channels used.

### **4. Alternative arrangements available to Unitholders of the Fund**

Unitholders may redeem or convert their Units into units of Haitong Middle Kingdom Fund, an SFC-authorized unlisted fund<sup>1</sup> managed by the Manager, free of charge before 3.00pm (Hong Kong time) on any of the Valuation Dates on or before the Termination Date. Unitholders who wish to convert their Units into units of Haitong Middle Kingdom Fund should refer to the explanatory memorandum of Haitong Middle Kingdom Fund for more information relating to the fund, including the risks associated with the fund. The explanatory memorandum of Haitong Middle Kingdom Fund is available on the Manager's website at <http://www.htisec.com/asm><sup>2</sup>, and is also available for inspection at the Manager's place of business in Hong Kong during normal business hours.

All Units remaining after the Termination Date will be compulsorily redeemed at the redemption price as at the Termination Date and all assets under the Fund will be realised. Unitholders of the Fund as at the Termination Date will be paid in accordance with the procedures set out in the Explanatory Memorandum of the Fund.

### **5. Redemption Proceeds for Untraceable Unitholders**

To the extent that any Unitholders cannot be traced and/or fail to collect their redemption proceeds as at the Termination Date ("**Untraceable Unitholders**"), the Trustee shall hold such unclaimed redemption proceeds of Unitholders pursuant to Clause 45.7 of the Trust Deed, which will be segregated and independent from the Manager or the Trustee's own asset or the asset of other clients of the Manager or the Trustee, for a period of six (6) years from the Termination Date. During the period of six (6) years from the Termination Date, the Trustee will not deduct any relevant cost and associated expenses from the unclaimed redemption proceeds and the Trustee will maintain such proceeds for the sole purpose of payment of redemption proceeds to Untraceable Unitholders.

After the period of six (6) years from the Termination Date, the balance of the unclaimed redemption proceeds will be forwarded to the Manager and held in a special purpose bank account for the sole

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<sup>1</sup> SFC authorisation is not a recommendation or endorsement of the Haitong Middle Kingdom Fund, nor does it guarantee the commercial merits of the Haitong Middle Kingdom Fund or its performance. It does not mean the Haitong Middle Kingdom Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

<sup>2</sup> This website has not been reviewed by the SFC.

purpose of payment of redemption proceeds to Untraceable Unitholders, during which the Manager will not deduct any relevant cost and associated expenses from the proceeds.

The Manager shall subsequently donate any unclaimed redemption proceeds as soon as practicable to a charitable institution after the necessary administrative procedures for donation is completed, or refund such amounts to any person verified to be an Untraceable Unitholder if a valid claim is received by the Manager before such donation is made.

Neither the Trustee nor the Manager has any proprietary rights or interest in such monies at any time.

## **6. Hong Kong taxation**

The Fund is not expected to be subject to Hong Kong tax. No tax is expected to be payable by Unitholders in Hong Kong in respect of dividends or other income distributions of the Fund or in respect of any capital gains arising on a sale, realisation or other disposal of Units, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

However, investors are recommended to consult their independent professional advisors on the taxation and other consequences arising from the termination of the Fund.

## **7. Documents available for inspection**

Copies of the Explanatory Memorandum, product key facts statement of the Fund, Trust Deed and other material agreements as disclosed in the Explanatory Memorandum of the Fund will be available for inspection at the Manager's place of business in Hong Kong during normal business hours.

## **8. Further information**

Should you have any queries relating to the above, please do not hesitate to contact our Customer Services Hotline at (852) 2116-8200 during our office hours (Monday to Friday, from 9:00am to 6:00pm) or email us at [htiim@htisec.com](mailto:htiim@htisec.com).

Yours faithfully,

For and on behalf of

**Haitong International Investment Managers Limited**



Zhang Yibin

Managing Director

8 September 2014