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**Haitong CSI300 Index ETF**  
**(“Sub-Fund”)**

*(A sub-fund of Haitong ETF Series (the “**Trust**”), a Hong Kong umbrella unit trust, authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of Hong Kong)*

**RMB Counter Stock Code: 82811**  
**HKD Counter Stock Code: 02811**

**Announcement – Impact of Tax Announcement to the Sub-Fund**

*Unless otherwise indicated, all undefined capitalised terms have the same meanings in this announce as in the prospectus, as amended from time to time, for the Trust and the Sub-Fund (the “**Prospectus**”). The Manager accepts responsibility for the accuracy, as at the date of this announcement, of the information contained in it.*

Dear Unitholders

On 14 November 2014, the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission jointly issued a notice regarding the tax treatment on capital gains for QFII and RQFII (the “**Tax Announcement**”).

It was stated in the Tax Announcement that QFII and RQFII will be temporarily exempted from corporate income tax for the capital gains derived from transferring stocks and other equity investment of PRC enterprises effective from 17 November 2014, and the capital gains derived from trading of shares of PRC

enterprises before 17 November 2014 shall be subject to corporate income tax in accordance with the PRC Corporate Income Tax Law.

#### Impact of Tax Announcement to the Sub-Fund

Referring to the existing tax provisioning policy adopted by the Sub-Fund, from the launch of the Sub-Fund to 14 November 2014, the Manager has made a 10% provision for PRC Withholding Tax for the gross realised and unrealised capital gains derived by the Sub-Fund from investment in China A-Shares issued by PRC resident companies which are land rich companies (the “**Previously Made Tax Provision**”).

However, as the Tax Announcement did not clearly state the impact to the Trust and the Sub-Fund under the China-HK Arrangements, for the best interest of the Unitholders, the Manager decides not to rely on treaty relief and will make 10% provision for PRC Withholding Tax for the gross realised capital gains derived by the Sub-Fund from trading of China A-Shares issued by PRC resident companies which are not land rich companies from the launch of the Sub-Fund to 14 November 2014 (the “**Additional Tax Provision**”).

Pursuant to the Tax Announcement, starting from 17 November 2014, the PRC Withholding Tax on capital gains derived by the Sub-Fund from trading of all China A-Shares issued by PRC enterprises including land rich companies will be temporarily exempted (the “**Full CGT Exemption**”). Taking into account the Full CGT Exemption, the Manager will also reverse the tax provision for capital gains tax made prior to 17 November 2014 on the Sub-Fund’s respective gross unrealised capital gains derived from investment in A-Shares issued by land rich companies (the “**Reversal Tax Amount**”).

With the effect of the Additional Tax Provision and the Reversal Tax Amount, the Net Asset Value adjustment amount is estimated at RMB 1,586,759.88, or 0.145% of the Net Asset Value of the Sub-Fund as of 14 November 2014<sup>1</sup>. The Sub-Fund’s Net Asset Value per unit will be adjusted accordingly on 17 November 2014, subject to the advice and/or consent from the independent tax advisor, Trustee and regulators on the above matter. The Manager may make further adjustment to the tax provisioning policy of the Sub-Fund subject to applicable rules and regulations. Any further announcement(s) will be published to Unitholders when available.

#### Risk factors

The PRC tax rules and practices in relation to RQFII, including the Tax Announcement, are new and their implementation is not tested and is uncertain. There is a risk that any tax provision made by the Manager in respect of the Sub-Fund may be more than or less than the Sub-Fund’s respective actual tax liabilities. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the tax provisioning policy of the Sub-Fund accordingly, taking into account independent professional tax advice. The Manager will act in the best interest of the Sub-Fund at all times.

Unitholders may be disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. If the actual tax levied by the State Administration of Taxation

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<sup>1</sup> The amount of the Net Asset Value adjustment amount is estimated and has not been confirmed by independent auditor.

("SAT") is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, Unitholders should note that the Net Asset Value of the relevant Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, the actual tax liabilities may be lower than the tax provision made, in which case only the then existing Unitholders will benefit from a return of the extra tax provision. Those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision.

This announcement and further announcement(s) on this matter will be available on the Manager's website at [www.haitongetf.com.hk](http://www.haitongetf.com.hk) and HKEX's website at <http://www.hkex.com.hk>.

Investors who have any enquiries regarding the above may contact the Manager at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong or call our enquiry hotline at (852) 3588 7699 during normal office hours (Monday to Friday (excluding public holidays), from 9:00a.m. to 6:00p.m.).

**Hai Tong Asset Management (HK) Limited**  
as Manager of Haitong CSI300 Index ETF

17 November 2014