

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.

Haitong Middle Kingdom Fund ("Fund")

NOTICE TO UNITHOLDERS

12 March 2015

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 are writing to inform you of the following amendments in relation to the Fund, which have been incorporated into the explanatory memorandum of the Fund dated 29 July 2009 (as amended by an addendum dated 2 November 2009, a second addendum dated 20 May 2010, a third addendum dated 3 June 2010, a fourth addendum dated 20 October 2010, a fifth addendum dated 12 November 2010, a sixth addendum dated 27 May 2011, a seventh addendum dated 7 October 2011, an eighth addendum dated 1 March 2012 and a ninth addendum dated 1 December 2012) ("**Explanatory Memorandum**") by way of a tenth addendum dated 12 March 2015 (the "**Tenth Addendum**").

The Manager also has issued a new stand-alone explanatory memorandum of the Fund dated March 2015 ("**Updated Explanatory Memorandum**") and an updated Product Key Facts Statement of the Fund dated March 2015 ("**Updated KFS**") which have incorporated all amendments to date introduced by the Tenth Addendum and all previous addenda to the Explanatory Memorandum.

Unless otherwise specified, the new amendments set out in this notice (as incorporated by the Tenth Addendum) will take immediate effect from the date of this notice.

1. Updates to the investment objective and investment restrictions of the Fund

With immediate effect, the investment objective of the Fund (as set out on page 6 of the Explanatory Memorandum) will be changed as follows:

~~"The investment objective of the Fund is has been established to manage a portfolio of publicly quoted equity or equity-linked securities of companies within the Pacific region whose business relates substantially or in part to the People's Republic of China (the "PRC").~~

~~It is envisaged that the majority~~ At least 70% of such investments will be made in Hong Kong companies or companies listed on The Stock Exchange of Hong Kong Limited, ~~but investment in the PRC itself as well as~~ Taiwan, Singapore, Japan and other countries will be considered if deemed appropriate by the Manager in consideration of factors such as higher expected returns from the markets of those countries or areas, the outperformance of which may benefit the overall profitability in a certain degree. The Fund aims to achieve capital growth.

The Fund and/or the Manager:

- (a) does not intend to obtain exposure to debt securities issued within mainland China and China A-Shares by using the Qualified Foreign Institutional Investor and Renminbi Qualified Foreign Institutional Investor quotas or China B-Shares;

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.

- (b) does not invest in any derivative instruments (e.g. options, warrants and financial futures contracts) for investment purposes, but may invest in derivative instruments for hedging purposes; and
- (c) does not intend to enter into any securities lending, repurchase or reverse repurchase transactions or similar over-the-counter transactions in respect of the Fund.

Prior approval may be sought from the SFC and at least one month's prior notice will be given to Unitholders if the Fund and/or the Manager intend(s) to make such investment in the future."

The investment restrictions as set out in the Trust Deed, the Explanatory Memorandum and the Product Key Facts Statement will also be updated to be in compliance with the requirements of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission.

2. Amendment to the calculation basis for the Initial Charge

With immediate effect, the disclosures relating to the calculation basis for the Initial Charge (i.e. subscription fee) in the Explanatory Memorandum, the Product Key Facts Statement and the Trust Deed will be amended to be in line with market practice so that the Initial Charge is calculated as up to 5% of the total subscription amount in relation to an application for Units (previously the Initial Charge was calculated as up to 5% of the aggregate Net Asset Value per Unit, fiscal charge (if any) and the initial charge).

3. Applications made through the Manager or the Trustee

With immediate effect, applications for subscription and redemption of Units in the Fund may be made to either the Manager or the Trustee through the Registrar's Agent (previously applications could only be made to the Manager). Application forms can be obtained through either the Manager or the Registrar's Agent.

4. Amendment to the rounding adjustment of the subscription price

With immediate effect, to minimise the rounding difference between the subscription price and the redemption price of Units, the Explanatory Memorandum and the Trust Deed will be amended to reflect that the subscription price of Units in the Fund will be calculated as the Net Asset Value per Unit and rounded down to two decimal places (previously rounded up).

5. FATCA

Sections 1471-1474 of the United States Internal Revenue Code of 1986, as amended (commonly known as the Foreign Account Tax Compliance Act or "FATCA") provides that a 30% withholding tax will be imposed on certain payments to foreign financial institutions, such as the Fund, unless the Fund satisfies certain due diligence and tax information sharing requirements. The Cayman Islands Government has signed a FATCA Model 1B (non-reciprocal) Intergovernmental Agreement with the United States ("Cayman IGA") on 29 November 2013. If the Fund complies with the laws implemented pursuant to the Cayman IGA, the Fund will be treated as satisfying the due diligence and reporting requirements of FATCA.

New disclosures on the FATCA regime have been inserted into the "Risk Factors" section and the "Taxation" section of the Explanatory Memorandum to provide the latest FATCA developments and explain the measures that the Fund may take to ensure its compliance with FATCA.

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.

The Trust Deed will also be amended to allow the Manager or the Trustee to make a withholding from any realisation payment (whether distributions or the proceeds of redemption) payable to a Unitholder if so required by the laws of the Cayman Islands or other relevant jurisdictions.

6. Other amendments

The Explanatory Memorandum will also be revised to consolidate all previous addenda dated 2 November 2009, 20 May 2010, 3 June 2010, 20 October 2010, 12 November 2010, 27 May 2011, 7 October 2011, 1 March 2012 and 1 December 2012 to the Explanatory Memorandum.

In addition, the Explanatory Memorandum (and where applicable, the KFS) will be further revised to include updated and enhanced disclosures, including (amongst other things): (i) update to the list of directors of the Manager; (ii) update to the Manager's website and contact details; (iii) change of legal advisor to the Manager; (iv) enhanced risk disclosures relating to the Fund; (v) enhanced disclosure of soft commission arrangements and the waiver, reduction, sharing or rebates of the initial charge, management fee or performance fee; (vi) enhanced disclosures relating to Hong Kong taxation; (vii) enhanced disclosures relating to the Fund's borrowing restrictions; (viii) enhanced disclosures relating to the duration and termination of the Fund; (ix) clarification that distributions will not be paid out of, or effectively out of, the capital of the Fund; and (x) enhanced disclosures relating to the verification process to comply with anti-money laundering regulations.

The Tenth Addendum (attached together with the Explanatory Memorandum), the Updated Explanatory Memorandum and the Updated KFS of the Fund will be available in due course at the office of the Manager at 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.) or online at www.htisec.com/asm.

Copies of the Tenth Addendum (attached together with the Explanatory Memorandum), the Updated Explanatory Memorandum, the Updated KFS, Trust Deed and other material agreements as disclosed in the Updated Explanatory Memorandum of the Fund will be available for inspection at the Manager's place of business in Hong Kong during normal business hours free of charge and copies thereof may be obtained from the Manager upon payment of a reasonable fee.

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 (Monday to Friday (excluding public holidays), from 9:00am to 6:00pm) or email us at htiim@htisec.com.

Yours faithfully,

For and on behalf of
Haitong International Investment Managers Limited
as Manager of Haitong Middle Kingdom Fund



Zhang Yibin
Managing Director