



Dated: 1 December 2015

Dear Valued Participating Employers and Members

Important Notice: This document requires your immediate attention. It contains information regarding changes to the Explanatory Memorandum dated August 2007, as amended by an addendum dated 24 September 2009, a second addendum dated 11 November 2010, a third addendum dated 12 November 2010, a fourth addendum dated 29 November 2011, a fifth addendum dated 8 May 2012, a sixth addendum dated 19 September 2012, a seventh addendum dated 5 August 2013, an eighth addendum dated 9 December 2013 and a ninth addendum dated 2 January 2014 (the "EM") of Haitong MPF Retirement Fund (the "Retirement Fund").

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"), accepts responsibility for the information contained in this document as being accurate as at the date of publication.

PART I FEE CHANGES

We are writing to inform you of the updates to the Explanatory Memorandum of the Retirement Fund to reflect the changes to the Trustee's Fee (including custodian and administration fees):

1. FEE CHANGES

By the ninth addendum to the Explanatory Memorandum dated 2 January 2014, a waiver of the Investment Management Fees in respect of the constituent funds was introduced and effective from 2 January 2014 to 31 December 2016.

For the avoidance of doubt, this waiver applies until 31 December 2016 only. Hence, from 1 January 2017 onwards, the levy of the Investment Management Fees shall resume.

With effect from 1 December 2015 the Trustee's Fee (including custodian and administration fees) will be reduced for Class A and Class T Units of all constituent funds.

The table below illustrates the changes in the aggregate Management Fees* of the constituent funds as a result of the arrangements described above:-

Constituent fund	Before 2 January 2014 (per annum rate of net asset value)		From 2 January 2014 to 30 November 2015 (per annum rate of net asset value)		From 1 December 2015 to 31 December 2016 (per annum rate of net asset value)		From 1 January 2017 onwards (per annum rate of net asset value)	
	Class A	Class T	Class A	Class T	Class A	Class T	Class A	Class T
	Management Fees*	Management Fees*	Management Fees*	Management Fees*	Management Fees*	Management Fees*	Management Fees*	Management Fees*
Haitong MPF Conservative Fund	0.85%	0.77%	0.45%	0.37%	0.40%	0.35%	0.80%	0.75%
Haitong Global Diversification Fund # (Constituent Fund)	0.48%	0.40%	0.48%	0.40%	0.45%	0.35%	0.45%	0.35%
(Aggregate)	1.38%	1.30%	0.58%	0.50%	0.55%	0.45%	1.35%	1.25%
Haitong Korea Fund	0.95%	0.95%	0.50%	0.50%	0.40%	0.40%	0.85%	0.85%
Haitong Asia Pacific (excluding HK) Fund	1.38%	1.30%	0.58%	0.50%	0.45%	0.40%	1.25%	1.20%
Haitong Hong Kong SAR Fund	1.38%	1.30%	0.58%	0.50%	0.55%	0.47%	1.35%	1.27%

***“Management Fees” include fees paid to the trustee, custodian, administrator, investment manager and sponsor of a scheme for providing their services to the relevant fund. The fee is accrued on a daily basis and paid monthly in arrears. They are usually charged as a percentage of the net asset value of a fund.*

The Haitong Global Diversification Fund currently invests in an underlying approved pooled investment fund (and thus indirectly bears the fees and charges of the underlying approved pooled investment fund). The figures shown under “(Aggregate)” represent the aggregate Management Fees (taking into account the management fee and trustee fee of the underlying approved pooled investment fund).

Please refer to further details on the fee reduction as set out in the Tenth Addendum to the EM.

PART II LEGISLATIVE UPDATES

A number of changes have been made to the Explanatory Memorandum and the Trust Deed of the Retirement Fund in response to certain changes to be effected under the Mandatory Provident Fund Schemes (Amendment) Ordinance 2015 (the “Amendment Ordinance”):

2. TERMINAL ILLNESS

With effect from 1 August 2015, in addition to the existing grounds for withdrawal of benefits derived from mandatory contributions (namely retirement, early retirement, total incapacity, permanent departure from Hong Kong, small balance and death), members will be entitled to withdraw benefits derived from mandatory contributions pursuant to the Amendment Ordinance (including terminal illness*). In addition, and, to the extent permitted under the relevant Participation Agreement, members will also be entitled to claim benefits derived from voluntary contributions made in respect of the member on the ground of terminal illness* in one lump sum, provided that, (a) payment of any such benefits will only be effected after 18 November 2015 and such benefits will be calculated by reference to the net asset value per Unit of the relevant class as at the Valuation Date on which the relevant Units are realised for the purpose of meeting the claim, and (b) for an employee member, such member will not be entitled to benefits in respect of voluntary contributions paid by the relevant employer unless such member has ceased employment with such employer.

** "Terminal illness" means an illness that is likely to reduce the life expectancy of the member to 12 months or less.*

Members who wish to make a claim on the ground of terminal illness are required to submit the specified form(s) that will be available from the Trustee and provide the prescribed supporting documents as specified in the relevant form(s).

The Explanatory Memorandum of the Retirement Fund will be amended accordingly.

3. TAXATION

With effect from 1 August 2015, in addition to lump sum benefits on retirement, earlier incapacity or death, lump sum benefits on terminal illness are also not subject to salaries tax.

If an employee leaves service other than on retirement, death, incapacity or terminal illness, a proportion of the employee's accrued benefit paid may be subject to salaries tax.

4. PAYMENT OF BENEFITS

Benefits, whether derived from mandatory contributions or voluntary contributions, will be paid as soon as reasonably practicable and in any event not later than the later of (i) 30 days after the date on which the claim is lodged and (ii) 30 days after the contribution day in respect of the last contribution period that ends before the claim is lodged.

The changes on the timeframe for payment of benefits attributable to mandatory contributions, voluntary contributions and SVC take effect from 1 August 2015 except for payment of benefits attributable to voluntary contributions in relation to claims made on the ground of terminal illness, for which the changes take effect from 18 November 2015.

Please note that payment of benefits may be delayed in certain circumstances pursuant to the MPF Ordinance, including where the claimant fails to satisfy the Trustee that he or she is entitled to the benefits.

5. TRUST DEED

In light of the Amendment Ordinance, amendments are made to the Trust Deed of the Retirement Fund and the key amendments include the following:

- (1) Changes to reflect that, with effect from 30 January 2015, pursuant to the requirements under section 35 of the Mandatory Provident Fund Schemes (General) Regulation (“**General Regulation**”), the Trustee is only entitled to deduct the necessary transaction costs in making a transfer of benefits from the Retirement Fund to another registered scheme or from an account within the Retirement Fund to another account within the Retirement Fund, including where contributions have ceased to be paid to the Retirement Fund by or on behalf of a member.
- (2) Changes to reflect that, with effect from 30 January 2015, the Trustee may disclose certain information relating to the Retirement Fund and its members and participating employers subject to such requirements as set out under the Mandatory Provident Fund Schemes Ordinance and the General Regulation and such conditions as may be imposed by the Mandatory Provident Fund Schemes Authority from time to time.
- (3) Changes to reflect that, with effect from 30 January 2015, the establishment of new constituent funds is subject to the requirements under the Mandatory Provident Fund Schemes Ordinance.
- (4) Changes to reflect that, effect from 1 August 2015, the handling of claims by a committee of estate appointed under Mental Health Ordinance pursuant to s.165A of the General Regulation shall be processed in accordance with the General Regulation.

This document only describes major changes to the Retirement Fund. You are advised to refer to the Tenth Addendum to the EM dated August 2007 and the Tenth Supplemental Deed relating to the Retirement Fund for more updated information regarding other changes.

All the above changes are fully set out in the Tenth Addendum and the Tenth Supplemental Deed. Participating employers and members may access the latest EM of the Retirement Fund (together with the First to the Tenth Addenda) via our Interactive Website <http://www.htisec.com/asm> after 1 December 2015 or request for a copy of the EM (as amended) by contacting our Haitong MPF Employers Hotline at (852) 3663 7288, or for member, 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 our 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 our Haitong MPF Employers Hotline at (852) 3663 7288, or for member, Haitong MPF 24 Hours Auto-Info-line at (852) 2500 1600.

Yours faithfully

**For and on behalf of
Haitong International Investment Managers Limited**

A handwritten signature in black ink, appearing to be "Yang Jianxin", written over a horizontal line.

Yang Jianxin
Chief Investment Officer and Managing Director – Asset Management