

Haitong Middle Kingdom Fund (the “Fund”)

Notice to Unitholders

Attention: 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 International Investment Managers Limited accepts responsibility for the accuracy of the information contained in this document and 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.

Unless otherwise stated herein, capitalised terms in this notice shall have the same meaning(s) as defined in the explanatory memorandum of the Fund dated March 2015, as amended by the First Addendum dated 28 April 2017 and the Second Addendum dated 21 July 2017 (“**Explanatory Memorandum**”).

11 December 2017

Dear Unitholders,

We are writing to inform you of certain changes to the Fund.

A. Change in Trustee and Registrar

The existing trustee of the Fund is Bank of Bermuda (Cayman) Limited (“**Retiring Trustee**”), which is a subsidiary of the Hongkong and Shanghai Banking Corporation Limited group (“**HSBC Group**”). As part of HSBC Group’s re-alignment of corporate strategy, the Retiring Trustee wishes to retire as trustee of the Fund in favour of another subsidiary of the HSBC Group, namely, HSBC Trustee (Cayman) Limited (“**New Trustee**”). The retirement of the Retiring Trustee and the appointment of the New Trustee as replacement trustee of the Retiring Trustee will take effect at the same time, on and from 22 March 2018 (the “**Effective Date**”).

The Retiring Trustee is currently also performing the functions of the custodian and registrar of the Fund. These functions will be carried out by the New Trustee from the Effective Date in accordance with the trust deed of the Fund (“**Trust Deed**”). The New Trustee may delegate any or all of these functions to its delegate in accordance with the Trust Deed.

Pursuant to Clause 44.1 of the Trust Deed, the Manager and the Retiring Trustee may appoint a replacement trustee in place of a retiring trustee. The Manager and the Retiring Trustee agree to appoint the New Trustee as replacement trustee in place of the Retiring Trustee with effect on and from the Effective Date.

Accordingly, with effect on and from the Effective Date, the Retiring Trustee will be released and absolved from, and the New Trustee will assume, all the duties, powers, liabilities and obligations conferred on the trustee of the Fund pursuant to the Trust Deed but without prejudice to the rights of the Manager or Unitholders or other person in respect of any act or omission of the Retiring Trustee under the Trust Deed prior to the Effective Date.

HSBC Trustee (Cayman) Limited was incorporated in the Cayman Islands in 1981 and is regulated by the Cayman Islands Monetary Authority. It holds an unrestricted trust license under the Banks and Trust Companies Law of the laws of the Cayman Islands and a Mutual Fund Administrator’s Licence which allows it to engage in and carry out mutual fund administration

activities under the Cayman Islands Mutual Funds Law. The majority of the HSBC trustee appointments for Cayman established trusts are with HSBC Trustee (Cayman) Limited. The New Trustee is currently acting as a trustee of existing funds authorised by the Securities and Futures Commission.

The address of the New Trustee is P.O. Box 484, HSBC House, 68 West Bay Road, Grand Cayman, Cayman Islands KYI-1106.

B. Amendments to the Explanatory Memorandum and Trust Deed

The Explanatory Memorandum will be amended by way of a Third Addendum to reflect the changes set out above. The Product Key Facts Statements of the Fund (“KFS”) will also be amended to reflect the applicable changes.

The changes described above are in summary form only and are not meant to be an exhaustive list of the amendments made to the Explanatory Memorandum. Unitholders should note that there are other ancillary changes to the Explanatory Memorandum and as such, should review the Third Addendum (which will be available on or around the Effective Date) for further details on the changes made.

A copy of the Explanatory Memorandum (including the KFS), as amended, will be available on or around the Effective Date for inspection at the office of the Manager during normal office hours free of charge and copies thereof may be obtained from the Manager free of charge or may be downloaded online at http://www.htisec.com/asm/en/download.jsp?fund_id=4. This website has not been reviewed or authorised by the SFC.

The Trust Deed will be amended by a deed of retirement and appointment of trustee and variation (“**Deed of Retirement and Appointment**”) to reflect the retirement of the Retiring Trustee and the appointment of the New Trustee and other consequential amendments. The Deed of Retirement and Appointment will be available on or around the Effective Date. Copies of the Trust Deed together with all supplemental deeds (including the Deed of Retirement and Appointment) can be inspected free of charge at the office of the Manager during normal office hours.

A summary of the key consequential amendments to be made to the Trust Deed by way of Deed of Retirement and Appointment is as follows:

- update to the definition of “Alternate Trustee”;
- amendment to the definition of “Trustee”; and
- replacing all references to “Bank of Bermuda (Cayman) Limited” in the Trust Deed with “HSBC Trustee (Cayman) Limited”.

In addition, the Trust Deed will be amended by way of Deed of Retirement and Appointment to reflect the prevailing requirements under the Code on Unit Trusts and Mutual Funds of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products and the Guide on Practices and Procedures for Application for Authorization of Unit Trusts and Mutual Funds issued by the SFC. The amendments include those summarised below:

- an amendment will be made to the Trust Deed to clarify the requirements for placing deposits with the Trustee or the Alternate Trustee or the Manager, or any investment adviser or their associate(s);

- an investment restriction will be added and will apply in circumstances where the name of the Fund indicates a particular objective, geographic region or market;
- a provision will be added to the effect that the Manager shall manage the Fund in accordance with the Trust Deed in the best interests of Unitholders and shall fulfil the duties imposed on it by the general law;
- an amendment will be made to specify that approval by an extraordinary resolution in a meeting of Unitholders shall be required to increase the maximum fees paid to the Manager or the Trustee and to impose any other types of fees in addition to those provided in the Trust Deed;
- miscellaneous provisions in relation to the conduct of a meeting of Unitholders will be revised;
- the provisions relating to the removal of the Manager and the removal of the Trustee will be revised; and
- the basis for amendment of the Trust Deed without requiring an approval of an extraordinary resolution of Unitholders will be clarified.

Please refer to the Deed of Retirement and Appointment for details.

The above changes reflect the latest regulatory requirements and accordingly do not amount to a material change to the Fund and do not materially prejudice the rights or interests of the Unitholders. There will be no material change or increase in the overall risk profile of the Fund as a result of these changes.

Corresponding amendments will be made to the Explanatory Memorandum.

C. Impact on the Fund and its Unitholders

The Retiring Trustee has confirmed that the above changes will not result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantage and will not subject the Fund to additional regulations or requirements. After the Effective Date, the governing law of the Fund remains unchanged.

The changes set out above will also not result in (i) any change in the type of fees, or the level of fees including trustee fees, payable by the Fund or by the Unitholders; (ii) any change in the dealing procedure of the Fund; or (iii) any change in the operation and/or manner in which the Fund is being managed apart from the change of trustee; (iv) any change in the risk profile of the Fund.

D. Costs

The costs and expenses associated with the changes in connection with the retirement of the Retiring Trustee and the appointment of the New Trustee will be borne by the Retiring Trustee. The costs and expenses associated with other changes set out in this notice, estimated to be approximately HK\$200,000, will be borne by the Fund.

Please note that there is no action required of you in order to implement the changes set out in this notice.

E. Enquiry

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 (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 the Manager for the Fund