

**This document is important and requires your immediate attention. If you are in any doubt about the content of this document, you should consult your stockbroker, accountant, bank manager, financial planner, attorney, solicitor or other professional advisor.**

Haitong International Asset Management (HK) Limited (the “**Manager**”) accepts full responsibility for the accuracy of the information contained in this notice 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.

Capitalized terms used herein not otherwise defined have the meaning ascribed to those terms in the Fund’s Explanatory Memorandum dated March 2019 (the “**Explanatory Memorandum**”).

Dated: 29 March 2019

Dear Investors

**Haitong Investment Fund Series (the “Fund”)**  
- **Haitong China A-Share Investment Fund (the “Sub-Fund”)**

Thank you for your continued support and participation in the Fund and the Sub-Fund.

We, as the Manager of the Fund and the Sub-Fund, are writing to inform you of the following changes to the Sub-Fund.

### **1. Change in PRC tax provisioning policy of the Sub-Fund in relation to interest income from investment in onshore debt securities issued by PRC tax resident enterprises**

Previously, the Manager would in general make a provision of 10% for PRC corporate income tax (“**CIT**”) on interest from PRC Securities if such tax is not withheld at source, and would make a provision of 6.72% for PRC value added tax (“**VAT**”) and local surtaxes on bond coupon interest (except PRC government bonds or local government bonds) received by the Sub-Fund.

In November 2018, the Ministry of Finance and the State Administration of Taxation jointly issued [Caishui [2018] No. 108] (“**Circular 108**”) which provides that foreign institutional investors are temporarily exempted from PRC CIT and VAT in respect of bond interest income received from 7 November 2018 to 6 November 2021 from investments in the PRC onshore bond market. Such exemption does not apply to interest income derived by a permanent establishment of the foreign institutional investors in the PRC. Offshore bonds issued by PRC tax resident enterprises are not covered by Circular 108.

On 7 December 2018, the Manager, having consulted with the professional tax adviser, decided not to make any provisions for CIT and VAT on interest income from the Sub-Fund’s investments in PRC onshore bonds received for the period from 7 November 2018 to 6 November 2021.

There is still lack of clear guidance in respect of the CIT and VAT applicable to interest income derived by the Sub-Fund from PRC onshore debt securities, in particular, whether interest income received before 7 November 2018 is subject to CIT and VAT. It is also uncertain whether the 3-year exemption under Circular 108 will continue to be available after 6 November 2021.

### **2. PRC Tax Risks**

There is a possibility that the current tax laws, rules, regulations and practice in the PRC and/or the current interpretation or understanding thereof may be changed with retrospective effect in the future and any such change may have an adverse effect on the net asset value of the Sub-Fund. Moreover, such changes may impact the tax provisioning policy and tax position of the Sub-Fund. Any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund’s assets could have a material adverse impact on the net asset value of the Sub-Fund, thereby causing significant losses to investors. The actual tax liabilities may also be lower than the tax provision made.

Investors may be advantaged or disadvantaged depending upon the final tax outcome as and when they subscribed and/or redeemed the Units of the Sub-Fund. Investors should note that no Unitholders who have redeemed their Units in the Sub-Funds before the release (if any) of any excess tax provision shall be entitled to claim in whatsoever form any part of the tax provision or withholding amounts released to the Sub-Funds, which amount will be reflected in the value of Units in the Sub-Fund.

The Manager may, upon taking professional tax advice, at its discretion, arrange with the Trustee to change the tax provisions in regard to potential PRC tax liabilities in respect of the Sub-Fund's investments in the PRC based on new developments and interpretation of the relevant regulations from time to time, for the purpose of meeting the Sub-Fund's tax liabilities in respect of or arising out of any PRC taxes, charges and duties.

Investors should seek their own tax advice on their tax position with regard to their investment in the Sub-Fund.

The updated Explanatory Memorandum of the Fund and the Sub-Fund, reflecting the above-mentioned amendments, is available 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 <http://www.htisec.com/asm>. This website has not been reviewed or authorised by the SFC.

If you have any queries or require further information in relation to any aspect of this notice, please contact the Manager at its Hong Kong office as stated above or our Customer Service Hotline at (852) 3588 7699.

**Haitong International Asset Management (HK) Limited**  
as Manager of the Fund and the Sub-Fund