

Dated: 31 March 2020

Important Notice: This document requires your immediate attention. It contains information regarding changes to the Explanatory Memorandum dated December 2018 (the “EM”) and the Trust Deed 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 full 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, as at the date of publication.

All capitalised terms used in this notice shall have the meanings as ascribed to them in the EM (as amended), unless otherwise stated.

Dear Valued Participating Employers and Members

We are writing to you in relation to certain changes in relation to the Retirement Fund.

Summary

1. Withdrawal of Special Voluntary Contributions

With effect from 1 July 2020, withdrawal of SVC exceeding 4 instalments in a financial year of the Retirement Fund will not be allowed.

2. Enhanced Measures for Compliance with Applicable Laws and Regulations

With effect from 1 May 2020, the Trust Deed will be amended to provide that the trustee of the Retirement Fund (“Trustee”) may reject all or part of voluntary contributions for compliance purposes. Circumstances for such rejection include (i) the Trustee has reason to believe that the information and/or documents provided to the Trustee are incorrect or incomplete; (ii) the relevant applicant or Member fails to provide information and/or documents as required by the Trustee to ensure compliance with applicable laws and regulations including those relating to anti-money laundering / tax reporting; and/or (iii) other circumstances which the Trustee and the Sponsor may consider appropriate (“**Rejection Circumstances**”).

In respect of TVC, the Trustee may also reject all or part of TVC under the Rejection Circumstances according to the EM.

In respect of SVC, the Trust Deed already provides that the Trustee has the discretion to refuse to allow or accept SVCs in respect of a SVC Member. With effect from 1 May 2020, the offering document of the Retirement Fund will be amended to specify the circumstances in which SVC may be refused for illustrative purposes. Such circumstances are the Rejection Circumstances mentioned above.

Further, the Trust Deed will be amended to (i) clarify that the Trustee’s discretion to refuse to allow or accept SVCs covers the amounts transferred from other schemes to the Retirement Fund as SVC and (ii) specify that any rejected voluntary contributions, TVC and/or SVC (as the case may be) will be refunded without interest within 45 days from the date of the letter notifying Members of the Trustee’s determination to reject such voluntary contributions, TVC and/or SVC (as the case may be), unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such timeframe.

3. Automatic Exchange of Financial Account Information

Starting on 1 January 2020, the Retirement Fund is required to comply with the requirements of AEOI as implemented in Hong Kong, which means that the Retirement Fund shall collect and provide to the Inland Revenue Department (“IRD”) certain information relating to account holders and prospective participants of the Retirement Fund. This information includes (but is not limited to), in relation to each account holder or, where applicable, prospective participant, his/her/its name, date of birth (for individuals), place of incorporation (for entities), address, jurisdiction(s) of tax residence, tax identification number(s) in the

relevant jurisdiction(s), and account information including account balance/value, income, and payments under the Retirement Fund. Such information may be further exchanged with any reportable jurisdiction(s) in which those account holders are tax residents.

For the avoidance of doubt, if you are not a tax resident in any jurisdiction outside Hong Kong, your information will not be reported to IRD for transmission to any tax authority outside Hong Kong.

4. Amendments to the EM to reflect latest regulatory requirements

With effect from 1 April 2020, the EM will be amended to reflect the disclosure requirements under the Code on Disclosure for MPF Investment Funds and will be renamed as MPF Scheme Brochure. As part of this revision, the investment policy of Haitong Hong Kong SAR Fund, Haitong Asia Pacific (excluding HK) Fund, Haitong Global Diversification Fund and Haitong Korea Fund will be enhanced.

5. Clarification of the use of futures and options by Haitong Global Diversification Fund and Haitong MPF Conservative Fund

It will be clarified in the MPF Scheme Brochure that futures and options contracts will not be entered into for the account of the Haitong Global Diversification Fund and Haitong MPF Conservative Fund.

6. Clarification of the name of the reference benchmark of Haitong Korea Fund

It will be clarified in the MPF Scheme Brochure that the name of the reference benchmark of Haitong Korea Fund is KOSPI 200 Index.

7. Update of office address of the Sponsor

The latest office address of the Sponsor is 22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong and will be reflected in the MPF Scheme Brochure.

1. Withdrawal of Special Voluntary Contributions

With a view to enhancing the control mechanisms for SVC, withdrawal of SVC exceeding 4 instalments in a financial year of the Retirement Fund will not be allowed. Such change will take effect from 1 July 2020.

SVC Members, who as a consequence of the above changes wish to redeem their SVCs in the Retirement Fund, may do so free of charge in accordance with the procedures stated in the EM from the date of this notice until the Valuation Date immediately before 1 July 2020. From 1 July 2020, SVC Members may still redeem their SVCs in the Retirement Fund free of charge subject to the limit of 4 instalments per financial year.

2. Enhanced Measures for Compliance with Applicable Laws and Regulations

To facilitate the Trustee to perform its duties under applicable laws and regulations including anti-money laundering regulations, with effect from 1 May 2020, the Trust Deed will be amended to provide that the Trustee may reject all or part of voluntary contributions for compliance purposes. Circumstances for such rejection include (i) the Trustee has reason to believe that the information and/or documents provided to the Trustee are incorrect or incomplete; (ii) the relevant applicant or Member fails to provide information and/or documents as required by the Trustee to ensure compliance with applicable laws and regulations including those relating to anti-money laundering / tax reporting; and/or (iii) other circumstances which the Trustee and the Sponsor may consider appropriate (“**Rejection Circumstances**”).

In respect of TVC, the Trustee may also reject all or part of TVC under the Rejection Circumstances according to the EM.

In respect of SVC, paragraph 3.2A in Schedule 3 to the Trust Deed of the Retirement Fund already provides that the Trustee has the discretion to refuse to allow or accept SVCs in respect of a SVC Member. With effect from 1 May 2020, the offering document of the Retirement Fund will be amended to specify the

circumstances in which SVC may be refused for illustrative purposes. Such circumstances are the Rejection Circumstances mentioned above.

Further, the Trust Deed will be amended to (i) clarify that the Trustee's discretion to refuse to allow or accept SVCs covers the amounts transferred from other schemes to the Retirement Fund as SVC and (ii) specify that any rejected voluntary contributions, TVC and/or SVC (as the case may be) will be refunded without interest within 45 days from the date of the letter notifying Members of the Trustee's determination to reject such voluntary contributions, TVC and/or SVC (as the case may be), unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such timeframe.

3. Automatic Exchange of Financial Account Information

The Inland Revenue Ordinance provides the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information in Tax Matters ("AEOI"). The AEOI requires financial institutions ("FI") in Hong Kong to collect information relating to accounts holders with FIs, and report such information as relates to reportable account holders who are tax resident in reportable jurisdictions to the IRD. The information will be further exchanged with any reportable jurisdiction(s) in which those account holders are tax residents. Account holders include members and employers participating in the Retirement Fund.

If you are not a tax resident in any jurisdiction outside Hong Kong, your information will not be reported to IRD for transmission to any tax authority outside Hong Kong.

Starting on 1 January 2020, the Retirement Fund is required to comply with the requirements of AEOI as implemented in Hong Kong, which means that the Retirement Fund shall collect and provide to the IRD certain information relating to account holders and prospective participants of the Retirement Fund. This information includes (but is not limited to), in relation to each account holder or, where applicable, prospective participant, his/her/its name, date of birth (for individuals), place of incorporation (for entities), address, jurisdiction(s) of tax residence, tax identification number(s) in the relevant jurisdiction(s), and account information including account balance/value, income, and payments under the Retirement Fund.

The AEOI rules as implemented in Hong Kong require the Retirement Fund to, amongst other things: (i) register the Retirement Fund's status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts to identify whether any such accounts are considered "Reportable Accounts" as defined under section 50A of the Inland Revenue Ordinance for AEOI purposes; and (iii) report the required information with respect to such Reportable Accounts to the IRD. The IRD will then transmit such information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a Competent Authority Agreement (i.e. the "Reportable Jurisdictions"). Broadly, AEOI contemplates that Hong Kong FIs should report on account holders (individuals and entities) and controlling persons of certain entity account holders that are tax residents in a jurisdiction Hong Kong identifies as a reportable jurisdiction.

The Trustee, through whom the Retirement Fund operates, may, to the extent not prohibited by AEOI and the applicable laws and regulations of Hong Kong, engage, employ or authorise any individual or entity (including but not limited to third-party service providers, the Trustee's affiliates, subsidiaries, associated entities, and any of their branches and offices) (each, for purposes of this section, an "authorised person") to assist the Retirement Fund with the fulfilment of its obligations under AEOI, and to act on the Retirement Fund's behalf in relation to its obligations under AEOI. The Trustee and its authorised persons may share with each other any information of any Reportable Account of the Retirement Fund.

The Trustee and/or any of its authorised person(s) may require any individual or entity considered as an account holder of the Retirement Fund under AEOI to provide a valid self-certification form and such other information which the Trustee and/or any of its authorised person(s) may at their discretion require from time to time for the implementation of AEOI. In addition, where the account is an entity, the Trustee and/or its authorised person(s) may require such information on its controlling person(s).

To implement AEOI, the Trustee will require, among others, valid self-certification forms from the applicant persons or entities in order to comply with applicable law. Account holders (including individual members and controlling persons of the relevant employers) must update the Trustee and/or any of its authorised

person(s) about any changes in the information they have previously provided to the Trustee and/or any of its authorised person(s) within 30 days of such changes. If the Trustee and/or any of its authorised person(s) do not receive the information required by the Trustee for AEOI purposes and/or any update in the changes of such information in respect of an account holder or a controlling person, the Trustee and/or any of its authorised person(s) may be required to report such person based on the information they have.

For compliance with AEOI rules, the Trustee may refuse to accept any applicant to the Retirement Fund and take or refrain from taking any actions with respect to any applicant or Member to the extent not prohibited by law. Circumstances under which the Trustee may refuse to accept any application to the Retirement Fund includes when an applicant fails to provide the relevant self-certification or other information required by the Trustee or its authorised person(s) for AEOI compliance purposes.

The Trust Deed of the Retirement Fund will be amended to provide the Trustee with power to facilitate the Retirement Fund's compliance with the requirements of AEOI, and impose the appropriate obligations on the account holders of the Retirement Fund. The offering document of the Retirement Fund will also be updated to reflect an overview of the application of the AEOI on the Retirement Fund. For details of the impacts of AEOI on account holders and prospective participants of the Retirement Fund, please refer to the revised Trust Deed and offering document of the Retirement Fund.

No action is required for existing Members of the Retirement Fund. If the Trustee requires further information and/or documents from existing Members in light of AEOI, the Trustee will contact the relevant Members separately.

Members may also refer to the set of FAQs in relation to AEOI on our website (<https://www.htisec.com/asm/en/mpf.jsp>). The information provided herein and our website in relation to AEOI is of a general nature only and is not meant to serve as a basis for decision making. Account holders and prospective participants of the Retirement Fund should consult their own professional advisor(s) on the administrative and substantive implications of AEOI on their current or proposed investment in the Retirement Fund and the relevant Constituent Fund.

4. Amendments to the EM to reflect latest regulatory requirements

The Mandatory Provident Fund Schemes Authority has updated the Code on Disclosure for MPF Investment Funds ("**Disclosure Code**"), which provides guidance on the manner in which information and risk disclosure should be presented in the offering document of a MPF scheme.

With effect from 1 April 2020, the EM will be amended to reflect the disclosure requirements under the Disclosure Code and will be renamed as MPF Scheme Brochure ("**Brochure**"). As part of this revision, the investment policy of Haitong Hong Kong SAR Fund, Haitong Asia Pacific (excluding HK) Fund, Haitong Global Diversification Fund and Haitong Korea Fund will be enhanced to reflect that each such Constituent Fund will (either directly or through an underlying APIF) invest at least 90% of its net asset value in equities with balance in cash, money market and/or other fixed income instruments. There will be no change in the investment objective and policy of such Constituent Funds as a result of the enhancement of disclosures.

5. Clarification of the use of futures and options by Haitong Global Diversification Fund and Haitong MPF Conservative Fund

It will be clarified in the Brochure that futures and options contracts will not be entered into for the account of the Haitong Global Diversification Fund and Haitong MPF Conservative Fund.

6. Clarification of the name of the reference benchmark of Haitong Korea Fund

It will be clarified in the Brochure that the name of the reference benchmark of Haitong Korea Fund is KOSPI 200 Index.

7. Update of office address of the Sponsor

The latest office address of the Sponsor is 22/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong and will be reflected in the Brochure.

The fees and expenses incurred in connection with the changes mentioned above will be borne by the Constituent Funds under the Retirement Fund. The changes mentioned above will not have any adverse impact on the Retirement Fund and the interests of Members.

The changes set out in this notice (other than those set out in sections 1 and 2) will be reflected in the Brochure from 1 April 2020. Changes set out in sections 1 and 2 will be reflected in the Brochure by way of an addendum (“Addendum”) from 1 May 2020. The Trust Deed of the Retirement Fund is revised by way of a fourteenth supplemental deed to reflect the applicable changes set out above. This document only describes the major changes to the Retirement Fund. You are advised to refer to the Brochure and the fourteenth supplemental deed for further details on the changes made.

Participating Employers and Members may access the Brochure of the Retirement Fund and the Addendum via our Interactive Website <http://www.htisec.com/asm> after 1 April 2020 and 1 May 2020 respectively or request for a copy of the Brochure and the Addendum 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.

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**