

Important

This document is important and requires your immediate attention. If you have any doubt about the content of this document, you should seek independent professional financial advice.

22 March 2016

**NOTICE TO UNITHOLDERS
– VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND
(the “Trust”)**

Dear Unitholders,

We are writing to notify you of the following changes to the Trust:

1. change in domicile and change of Trustee, Manager, Registrar and Administrator of the Trust; and
2. offer of new classes of Units.

The above changes will take effect on and from 22 April 2016 (“**Effective Date**”) and will be reflected in the revised Explanatory Memorandum of the Trust (“**Explanatory Memorandum**”) and the Product Key Facts Statement.

Capitalized terms used herein but not otherwise defined will have the same meaning as defined in the Explanatory Memorandum.

A. Change in Domicile of the Trust and Change of Trustee, Manager, Registrar and Administrator of the Trust

1. Change in Domicile of the Trust and Change of Trustee

The Trust is currently constituted as a trust under the laws of the Cayman Islands by a trust deed dated 7 August 2002, as amended from time to time (the “**Trust Deed**”). It is regulated by the Cayman Islands Monetary Authority (“**CIMA**”). The reasons for proposing the change of the jurisdiction of the Trust is to rationalize the structure of the Trust as the operations of the Trust are mainly in Hong Kong and to prepare for distribution of the Trust in Mainland China under the Mainland-Hong Kong Mutual Recognition of Funds initiative, so as to broaden and diversify the investor base.

Bank of Bermuda (Cayman) Limited (“**Retiring Trustee**”) declares that with effect on and from the Effective Date, the proper law of the Trust will be changed from the Cayman Islands to Hong Kong. The courts of Hong Kong shall remain to be the forum for the administration of the Trust.

Immediately after the change in domicile of the Trust on the Effective Date, the Retiring Trustee, the existing Trustee of the Trust, will retire and will also cease to act as Registrar and Administrator of the Trust. In relation to the Trust, the trustee functions will be assumed by HSBC Institutional Trust Services (Asia) Limited (“**New Trustee**”) which is currently the Custodian and Registrar’s Agent of the Trust. The New Trustee will also act as the Administrator of the Trust on the Effective Date. The New Trustee is registered as a trust company in Hong Kong and is an indirect wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited. The ultimate holding company is HSBC Holdings plc.

The New Trustee is independent of the existing Manager, Value Partners Limited, and Value Partners Hong Kong Limited (being the proposed new manager of the Trust) for the purpose of the Code on Unit Trusts and Mutual Funds (the “Code”) of the Securities and Futures Commission in Hong Kong (“SFC”). The retirement of the Retiring Trustee will take effect at the same time as the New Trustee takes up office.

The Manager is of the view that the change of domicile and trustee is beneficial to the Trust and in the interests of Unitholders. No approval from Unitholders or extraordinary resolution is required under the relevant laws of Cayman Islands and the Trust Deed.

The change of domicile and trustee will not result in the Trust incurring any liability to taxation or suffering any other pecuniary disadvantage which the Trust might not otherwise have incurred or suffered and will not subject the Trust to additional regulations or requirements which it would not otherwise be subject to. Notwithstanding the foregoing, Unitholders will be subject to stamp duty in Hong Kong on the transfer of Units as further described below.

With effect on and from the Effective Date, the register of Unitholders of the Trust will be maintained in Hong Kong, no Hong Kong stamp duty will be payable by Unitholders on the issue and/or redemption of Units in the Trust. However, the transfer of Units in the Trust by Unitholders may be subject to stamp duty in Hong Kong, depending on the mode and circumstances of the transfer. The current rate of Hong Kong stamp duty if applicable is HK\$1 per HK\$1,000 or part thereof of the price or market value of the Units, whichever is higher. In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of Units.

As regards the Trust being a regulated mutual fund in the Cayman Islands, application will be made for deregistration of the Trust from CIMA with effect on and from the Effective Date.

2. Change of Manager

As part of the rationalization of the structure of the Trust and to prepare for distribution of the Trust in Mainland China under the Mainland-Hong Kong Mutual Recognition of Funds initiative, immediately after the retirement of the Retiring Trustee and the appointment of the New Trustee and the change of jurisdiction of the Trust, the existing Manager, Value Partners Limited (“Retiring Manager”) will retire as manager of the Trust and Value Partners Hong Kong Limited (“New Manager”) will be appointed as manager of the Trust.

The New Manager is licensed by the SFC for type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance with CE number AFJ002. The New Manager is the immediate holding company of the Retiring Manager and is currently managing other existing funds authorised by the SFC. The New Manager shares the same infrastructure, including investment personnel, as the Retiring Manager. Accordingly, the change of manager will not affect the management of the Trust and the Trust will continue to operate in the same manner as it currently operates. Further, there is no change to the communication channels in relation to the Trust.

The change of manager does not require approval from Unitholders nor extraordinary resolution under the relevant laws of Hong Kong and the Trust Deed.

3. Change of Registrar and Administrator

With effect on and from the Effective Date, the New Trustee will also replace the Retiring Trustee as the Registrar and Administrator. There will no longer be a Registrar’s Agent after the New Trustee assumes the role of the Registrar of the Trust. The New Trustee will maintain the register in Hong Kong.

4. Duration of the Trust

Under the existing Trust Deed which is governed by the laws of the Cayman Islands, the Trust

shall terminate at the expiry of 150 years less one day from the date of the Trust Deed, unless the Trust is terminated earlier in accordance with the Trust Deed.

Following the change of domicile of the Trust to Hong Kong, the Trust will be governed by Hong Kong laws. Under the Perpetuities and Accumulations Ordinance (Chapter 257 of the Laws of Hong Kong) as amended from time to time, the maximum duration of a trust in relation to an instrument which took effect prior to 1 December 2013 is 80 years from the date of its establishment or such other date or duration as contemplated by the Perpetuities and Accumulations Ordinance (Chapter 257 of the Laws of Hong Kong) as amended from time to time.

The Trust was established pursuant to the Trust Deed on 7 August 2002. Consequently, the duration of the Trust following the change of domicile to Hong Kong shall be a period of 80 years from the date of its establishment in the Cayman Islands (i.e. from 7 August 2002 to 6 August 2082), unless it is terminated earlier in accordance with the Trust Deed.

5. Amendments to the Trust Deed

With effect on and from the Effective Date, changes will be made to the Trust by the Deed of Retirement and Appointment of the Trustee and the Deed of Retirement and Appointment of Manager (together the “**Deeds of Retirement and Appointment**”) to reflect the change of domicile of the Trust, the retirement of the Retiring Trustee and the Retiring Manager and the appointment of the New Trustee and the New Manager.

The change of domicile of the Trust, the retirement of the Retiring Trustee and the Retiring Manager and the appointment of the New Trustee and the New Manager will take effect pursuant to the Deeds of Retirement and Appointment. The Trust Deed will be further amended by a supplemental deed (the “**Supplemental Deed**”) to reflect consequential amendments arising from the change of domicile of the Trust, the retirement of the Retiring Trustee and the Retiring Manager, the appointment of the New Trustee and the New Manager and other ancillary amendments.

The New Trustee and the New Manager have certified that:

- (i) the below amendments to the Trust Deed by way of the Supplemental Deed (save in respect of the amendments to Clause 15.4(A), Clause 15.4(B), Clause 15.4(C), Clause 31.15(A), Clause 31.15(B) and Clause 31.15(C) of the Trust Deed (under items (d), (e), (f), (h), (i) and (j) below respectively)) do not materially prejudice the interests of Unitholders in any class; do not operate to release to any material extent the New Trustee or the New Manager or any other person from any liability to Unitholders in any class; and will not result in any increase in the amount of costs and charges payable from the assets of the Trust; and
- (ii) the below amendments to Clause 15.4(A), Clause 15.4(B), Clause 15.4(C), Clause 31.15(A), Clause 31.15(B) and Clause 31.15(C) of the Trust Deed by way of the Supplemental Deed (under items (d), (e), (f), (h), (i) and (j) below respectively) are necessary in order to make possible compliance with any fiscal, statutory or official requirement (whether or not having the force of law).

Accordingly, such amendments to the Trust Deed do not require any prior approval from Unitholders or meeting of Unitholders to be held to pass an extraordinary resolution under the relevant laws of Hong Kong and the Trust Deed.

A summary of the key amendments to be made to the Trust Deed by way of the Supplemental Deed is as follows:

- (a) the names and addresses of the parties to the Trust Deed will be changed as result of the retirement of the Retiring Trustee and the Retiring Manager and the appointment of the New Trustee and the New Manager;

- (b) the clauses which restrict Units from being acquired or held by any person who is resident or domiciled in the Cayman Islands (other than an exempted company or an ordinary non-resident company) will be deleted (Clause 3.4(D) of the Trust Deed);
- (c) relevant clauses will be updated to reflect the provisions of 10.11 and 10.13 of the Code regarding transactions with connected persons (Clauses 12.12 and 12.12A of the Trust Deed);
- (d) relevant clause will be amended to clarify that the Trustee shall exercise reasonable skill, care and diligence in the selection, appointment and ongoing monitoring of its agent, nominee, custodian or co-custodian (each a “**Correspondent**”) to hold any of the investments of the Trust Fund (Clause 15.4(A) of the Trust Deed);
- (e) relevant clause will be amended to clarify that the Trustee shall be responsible during the term of appointment of each Correspondent for satisfying itself as to the ongoing suitability and competency of such Correspondent to provide services to the Trust (Clause 15.4(B) of the Trust Deed);
- (f) relevant clause will be amended to clarify that the Trustee shall remain liable for any act or omission of any Correspondent as if the same were the act or omission of the Trustee, but provided that the Trustee has discharged its obligations set out in Clauses 15.4(A) and 15.4(B) of the Trust Deed, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent that is not a Connected Person of the Trustee (Clause 15.4(C) of the Trust Deed);
- (g) relevant clause will be updated to clarify that section 41O of the Trustee Ordinance shall not apply to the extent that is inconsistent with Clause 15.4 (A) to (C) of the Trust Deed and/or with the Trustee’s duties and responsibilities under the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products, and shall not in any way operate to exempt or diminish any liability of the Trustee as set out in Clause 32.11 of the Trust Deed (Clause 15.4 of the Trust Deed);
- (h) relevant clause will be amended to clarify that the Trustee or the Manager shall exercise reasonable skill, care and diligence in the selection, appointment and ongoing monitoring of its respective delegate (if any) (Clause 31.15(A) of the Trust Deed);
- (i) relevant clause will be amended to clarify that the Trustee or the Manager shall be responsible during the term of appointment of its respective delegate (if any) for satisfying themselves as to the ongoing suitability and competency of such delegate to provide its services (Clause 31.15(B) of the Trust Deed);
- (j) relevant clause will be amended to clarify that the Trustee or the Manger shall remain liable for any act or omission of its respective delegate (if any) as if the same were the act or omission of the Trustee or the Manager (as the case may be), but provided that the Trustee or the Manager (as the case may be) has discharged its obligations set out in Clauses 31.15(A) and 31.15(B) of the Trust Deed, the Trustee or the Manager (as the case may be) shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any delegate that is not a Connected Person of the Trustee or the Manager (as the case may be) (Clause 31.15(C) of the Trust Deed);
- (k) the duration of the Trust will be changed to 80 years from the date of its establishment (Clause 39.2 of the Trust Deed);
- (l) the proper law of the Trust will be changed from the Cayman Islands to Hong Kong (Clause 36.1 of the Trust Deed);
- (m) where appropriate, references to the Cayman Islands in the Trust Deed will be replaced with Hong Kong;

- (n) definition of terms including “Manager”, “Trustee” and “specified office” will be updated and replacement of the definition “Securities Ordinance” with “Securities and Futures Ordinance” and “Trusts Law” with “Trustee Ordinance” will be made, all relevant references to the Retiring Trustee and the Retiring Manager will be replaced with the New Trustee and the New Manager respectively, all references to the Securities Ordinance will be replaced with the Securities and Futures Ordinance and all references to the Trust Law will be replaced with the Trustee Ordinance;
- (o) relevant clause will be updated to state that the Manager shall manage the Trust in the best interests of Unitholders as a whole and comply with the provisions of the Trust Deed (Clause 31.20 of the Trust Deed);
- (p) relevant clause will be amended to state that nothing in any of the provisions of Trust Deed shall in any case exempt either the Trustee or the Manager (as the case may be) from or indemnify them against any liability to Unitholders imposed under the laws of Hong Kong or for breach of trust through fraud or negligence for which they may be liable in relation to their duties, and neither the Trustee nor the Manager may be indemnified against such liability by Unitholders or at Unitholders' expense (Clause 32.11 of the Trust Deed);
- (q) insertion of a new clause to clarify that the Manager and the Trustee shall in the performance of their respective duties under the Trust Deed in relation to the Trust at all times comply with the applicable provisions of the Code and shall act at all times in compliance with and in a manner consistent with the Code (as may be modified by any applicable waivers or exemptions granted by the Commission). Nothing in the Trust Deed shall diminish or exempt any of the Manager or the Trustee from any of its duties and liabilities under the Code (Clause 32.11(A) of the Trust Deed);
- (r) provisions on exclusions under the Trusts Law will be removed (Clauses 33.3 and 34.8 of the Trust Deed);
- (s) all references to the Cayman Islands Anti-Money Laundering Regulations will be replaced with the anti-money laundering requirements of the Trustee and the Manager (Clause 35 of the Trust Deed);
- (t) relevant clause will be updated to clarify that for so long as the Trust is authorized by the SFC, the parties shall not exclude the jurisdiction of the courts of Hong Kong to entertain an action concerning the Trust (Clause 37.2 of the Trust Deed);
- (u) relevant clause will be amended to state that the Manager will also have to make the necessary certifications in order for any modification, alteration or addition proposed to be made to the Trust Deed without the sanction of Extraordinary Resolutions passed at a meeting of Unitholders (Clause 38.2 of the Trust Deed); and
- (v) amendments to Paragraphs 2.5 and 2.6 of Part A of Schedule 1 to the Trust Deed to reflect that the Manager may upon consultation with the Trustee, adjust the value of property of the Trust.

6. Amendments to Explanatory Memorandum

The Explanatory Memorandum will be amended to inter alia reflect the changes set out above.

A summary of the key changes expected to be made to the Explanatory Memorandum is as follows:

- (a) all references to the Cayman Islands will be deleted and replaced with Hong Kong (where applicable);

- (b) all references to the Retiring Trustee will be deleted and replaced with the New Trustee (where applicable);
- (c) all references to the Retiring Manager will be deleted and replaced with the New Manager (where applicable);
- (d) all references to the Registrar's Agent will be deleted and replaced with the Registrar (where applicable);
- (e) change of the address of the auditors;
- (f) removal of Maples and Calder as legal advisers to the Manager with respect to Cayman Islands law;
- (g) the sub-section headed "Manager" under the section headed "Management and Administration" will be updated to reflect the information on the New Manager;
- (h) the sub-section headed "Trustee, Registrar, Administrator and Custodian and Registrar's Agent" under the section headed "Management and Administration" will be updated to reflect the information on the New Trustee;
- (i) the sub-section headed "Trust Structure" under the section headed "Information on the Trust" will be updated to reflect the change in domicile and change of Trustee and Manager of the Trust;
- (j) the sub-subsection headed "Foreign Account Tax Compliance Act" under the sub-section headed "Risk Factors" will be revised to reflect the arrangement for a Hong Kong unit trust;
- (k) the subsection headed "Cayman Islands" under the section headed "Taxation" will be deleted in its entirety;
- (l) the subsection headed "Hong Kong" under the section headed "Taxation" will be updated to remove reference to maintaining the register of Unitholders of the Trust outside Hong Kong;
- (m) the subsection headed "Trust Deed" under the section headed "General Information" will be updated to reflect the change in domicile and change of Trustee and Manager of the Trust;
- (n) the subsection headed "Duration and Termination of the Trust" under the section headed "General Information" will be revised to reflect the change set out in paragraph 4 of this notice;
- (o) the subsection headed "Restrictions on Unitholders" under the section headed "General Information" will be updated to remove persons who are resident or domiciled in the Cayman Islands from the definition of non-qualified person;
- (p) the sub-subsection headed "Cayman Islands" under the sub-section headed "Anti-Money Laundering Regulations" under the section headed "General Information" will be deleted in its entirety and the sub-section headed "Anti-Money Laundering Regulations" will be updated to comply with the requirements of Hong Kong on anti-money laundering; and
- (q) the sub-section headed "Regulation of the Trust in the Cayman Islands" under the section headed "General Information" will be deleted in its entirety.

The changes described in this notice are in summary form only and are not meant to be an exhaustive list of the amendments made to the Explanatory Memorandum. Investors should note that there are other ancillary changes to the Explanatory Memorandum as amended and

as such, should review the Explanatory Memorandum for further details on the changes made.

The Product Key Facts Statement of the Trust will be amended as well to reflect the change of trustee, manager and the place of domicile.

7. Consequences of Changes

The above changes will not result in (i) any increment in the current and maximum investment management fees and trustee fees payable by the Trust; or (ii) any additional type of fee being payable by Unitholders; (iii) any change in respect of fees payable by the Trust or Unitholders; or (iv) any change in the dealings of the Trust.

The fees and expenses incurred in connection with the above changes will be borne by the Retiring Manager.

B. Offer of New Classes of Units

To facilitate Renminbi (“RMB”) investments by investors, we would like to inform you that Class A Acc RMB Unhedged, Class A Acc RMB Hedged, Class A2 MDis RMB Unhedged and Class A2 MDis RMB Hedged will be available to the public of Hong Kong for subscription on and from the Effective Date at their prevailing issue prices. Existing investors who have invested in any of the foregoing classes and investors who will invest in any of the foregoing classes on or after the Effective Date are subject to the same terms of the relevant class of Units.

Key features of the new Classes of Units are as follows:

Features	Class A Acc RMB Unhedged, Class A Acc RMB Hedged, Class A2 MDis RMB Unhedged and Class A2 MDis RMB Hedged
Currency of issue of a Class (the “Class Currency”)	Renminbi (“RMB”)
Minimum initial subscription	RMB60,000(inclusive of any Preliminary Charge)
Minimum subsequent subscription	RMB30,000 (inclusive of any Preliminary Charge)
Minimum redemption	Not applicable
Minimum holding for each Class of the Trust applicable to partial redemption, transfers and switching	RMB60,000
Preliminary Charge on subscription	Up to 5.0 per cent. of the issue price
Switching fee	Currently nil*
Redemption Charge	Currently nil (Max. 5.0 per cent.)
Annual Management fee	1.25 per cent. per annum (Max. 2.0 per cent.)
Performance fee	15.0 per cent. of the increase in Net Asset Value per Unit in the relevant Class in the relevant performance period calculated annually on a high-on-high basis

* Certain distributors may impose a charge for each switching of Units acquired through it for Units in another Class, which will be deducted at the time of the switching and paid to the relevant distributor.

In connection with the offer of the new Classes of Units, the investment strategy of the Trust will be clarified, with effect on and from the Effective Date, that the Trust will have limited exposure to investments denominated in RMB.

The Explanatory Memorandum will be amended to reflect the offer of the new Classes of Units.

In addition to the above, new classes of units denominated in RMB will be established and offered for subscription to investors in Mainland China only after the Trust obtains the approval of the China Securities Regulatory Commission for distribution in Mainland China under the Mainland-Hong Kong Mutual Recognition of Funds initiative.

The Trust Deed (together with its supplemental deeds), the Deeds of Retirement and Appointment and the Supplemental Deed can be inspected free of charge during normal office hours on any day (except on Saturdays, Sundays and public holidays) at the office of the Retiring Manager (9th Floor, Nexus Building, 41 Connaught Road Central, Hong Kong). Copies of such documents can be obtained from the above address at a reasonable charge.

The updated Explanatory Memorandum and Product Key Facts Statement will be available on and from the Effective Date on our website (www.valuepartners.com.hk) and for your inspection at the New Manager's office during normal business hours (except on Saturdays, Sundays and public holidays). Please note that the website has not been reviewed or authorized by the SFC.

The Retiring 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 in this notice misleading as at the date of issuance.

If you have any questions relating to the above, please contact our Fund Investor Services Team at (852) 2143 0688 or email us at FIS@vp.com.hk. We would like to take this opportunity to thank you for your valuable support and we look forward to be of continued service to you.

Value Partners Limited