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

Unless otherwise stated in this notice, capitalised terms used herein shall have the same meaning as defined in the Explanatory Memorandum of the Value Partners High-Dividend Stocks Fund (the "Trust") dated January 2020 (the "Explanatory Memorandum").

Value Partners Hong Kong Limited, the Manager of the Trust (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 in this notice misleading as at the date of issuance.

26 February 2021

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

Dear Unitholders,

We are writing to inform you of the following changes to the Trust with effect from 31 March 2021 (the "Effective Date").

A. Introduction of anti-dilution pricing adjustment (Swing Pricing)

With effect from the Effective Date, with a view to protecting the interests of Unitholders the Manager may introduce anti-dilution pricing adjustment mechanism under certain circumstances.

In order to reduce the effect of "dilution" on the Trust, the Manager may (if in its opinion in good faith it is in the best interest of Unitholders to do so), adjust the Net Asset Value of a Unit of any Class. Dilution occurs when the actual cost of purchasing or selling the underlying assets of the Trust, deviates from the carrying value of these assets in the Trust's valuation due to dealing and other costs, taxes and duties, market movements and any spread between the buying and selling prices of the underlying assets. Dilution may have an adverse effect on the value of the Trust and therefore impact the Unitholders. By adjusting the Net Asset Value per Unit, this effect can be reduced or mitigated and Unitholders can be protected from the impact of dilution.

Under normal market conditions, the Manager expects that the anti-dilution pricing adjustment will not exceed 3% of the Net Asset Value per Unit on the relevant Valuation Day. Under extreme market conditions (such as market crash or global financial crisis), the Manager may increase such amount to protect interests of the Unitholders.

In determining the Issue Price and Redemption Price of a Unit of any Class on each relevant Valuation Day, the Net Asset Value per Unit shall be increased by the aforesaid adjustment where the net subscription on the relevant Valuation Day exceeds certain pre-determined threshold(s), or decreased by the aforesaid adjustment where the net redemption on the relevant Valuation Day exceeds certain pre-determined threshold(s). Such pre-determined threshold(s) will be determined and reviewed on a periodic basis by the Manager.

The Manager will consult the Trustee prior to any adjustment and such adjustment would only be made where the Trustee has no objection to it. Any such additional amount will be retained by the Trust and will form part of the assets of the Trust.

As a result of the above change, the Trust to which the anti-dilution pricing adjustment applies is subject to pricing adjustments risk. Subscriptions or redemptions may dilute the Trust's assets due to dealing and other costs associated with the trading of underlying securities. In order to counter this impact, adjustment of prices (including swing pricing) may be adopted to protect the interests of the Unitholders. Consequently, investors may subscribe (redeem) at a higher subscription price (lower redemption price). Investors should note that the occurrence of events which may trigger adjustment of prices is not predictable. It is not possible to accurately predict how frequent such adjustments of prices will need to be made. Adjustments may be greater than or less than the actual charges incurred. Investors should also be aware that adjustment of prices may not always, or fully, prevent the dilution of the Trust's assets.

The trust deed of the Trust ("**Trust Deed**") will be amended by way of a supplemental deed to reflect the above change.

B. Change of Rounding of Fraction of the Units

Presently, the number of Units issued is rounded to the nearest two decimal places. With effect from the Effective Date, the number of Units to be issued will be rounded to the nearest four decimal places.

C. Update of Selling Restrictions for Various Jurisdictions

The selling restrictions in the Explanatory Memorandum have been updated by way of a first addendum (the "**First Addendum**"). Additional selling restrictions for Australia, Brunei, India, Indonesia, Malaysia, New Zealand, Philippines, Taiwan, Thailand and the United Arab Emirates have been included in the Explanatory Memorandum by way of the First Addendum.

The selling restrictions in the Explanatory Memorandum describe restrictions on offers and sales of the Units in particular jurisdictions however the jurisdictions mentioned are not exhaustive and the distribution of the Explanatory Memorandum and the offers and sales of Units in other jurisdictions not specified in the Explanatory Memorandum may be prohibited or restricted. No persons receiving a copy of the Explanatory Memorandum or the Subscription Form in any such jurisdiction may treat the Explanatory Memorandum or such Subscription Form as constituting an invitation to them to subscribe for Units, nor should they in any event use the Explanatory Memorandum or such Subscription Form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such Subscription Form could lawfully be used by them without compliance with any registration or other legal requirements.

The Explanatory Memorandum or the Subscription Form does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

It is the responsibility of any persons in possession of the Explanatory Memorandum and any persons wishing to apply for Units pursuant to the Explanatory Memorandum to inform themselves of, and to observe, all laws and regulations applicable to them.

Persons interested in acquiring Units in the Trust should inform themselves as to:

- (i) the legal requirements within the jurisdictions of their nationality, residence, ordinary residence or domicile for such acquisition;
- (ii) any foreign exchange restrictions or exchange control requirements which they might encounter on the acquisition or sale of Units; and
- (iii) any taxation consequences which might be relevant to the acquisition, holding or disposal of Units.

D. Other Updates

The following changes will also be made to the Explanatory Memorandum (as amended by the First Addendum):-

- (a) update on the disclosure under the sub-section “Investor Compensation” under section 2.3 “Stock Connects” and the risk factor “Risks associated with Stock Connect” under section 2.5 Risk Factors”;
- (b) addition of the risk factor “Risk Relating to Pandemics or Natural Disasters”; and
- (c) other miscellaneous amendments.

The Trust Deed will also be revised by way of a supplemental deed to reflect the streamlined operational procedure with regard to interim distribution.

E. Implications of Changes

The above changes will not result in any material change to the features and risk profiles of the Trust, and will not materially prejudice the existing Unitholders’ rights or interests. Save as disclosed above, there will be no material change in the operation and/or manner in which the Trust is being managed.

Except for the introduction of the anti-dilution pricing adjustment (swing pricing) as set out in section A above, there will be no change in the fee level/cost of managing the Trust following the implementation of the above changes.

F. Costs

All the costs and expenses associated with the changes as set out in sections A, B and C above, including legal costs, will be borne by the Trust. In particular, the costs and expenses associated with the change as set out in section A, including legal costs, are estimated to be HK\$300,000. These costs and expenses will only have an insignificant impact on the fees and charges incurred by the Trust.

G. Availability of Documents

Copies of the Trust Deed together with all supplemental deeds can be inspected free of charge at the Manager’s office during normal business hours (except on Saturdays, Sundays and public holidays).

The latest Explanatory Memorandum and KFS are available on our website (www.valuepartners-group.com)¹ and for your inspection free of charge at the Manager’s office during normal working hours (except on Saturdays, Sundays and public holidays). The updated Explanatory Memorandum (as amended by the First Addendum) incorporating the above changes will be available on or around the Effective Date.

H. Enquiries

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 Hong Kong Limited

¹ This website has not been reviewed or authorized by the SFC.