

Important

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.

All capitalized terms used herein but not otherwise defined will have the same meanings as defined in the Explanatory Memorandum (as defined below).

7 March 2014

NOTICE TO UNITHOLDERS – VALUE PARTNERS CLASSIC FUND (“Fund”)

Dear Unitholders,

Addendum to Explanatory Memorandum and Product Key Facts Statement

We are writing to inform you that the Explanatory Memorandum of the Fund dated 15 October 2009, as amended by the notices dated 15 December 2009, 22 December 2009, 24 December 2009 and 26 August 2013, and the addenda dated 22 March 2010, 25 June 2011 and 22 November 2011 (“**Explanatory Memorandum**”) has been updated by way of an addendum dated 7 March 2014 (“**Addendum**”).

Change in Investment Objectives and Policies

With effect from 7 April 2014, the Fund may indirectly invest in A shares (subject to a maximum exposure of 30 per cent. of the Fund’s total net asset value) through:

- *China A Shares Access Products (“**CAAPs**”) (such as participatory notes, being listed or unlisted derivative instruments issued by a third party (“**CAAP Issuer**”) which represents an obligation of the CAAP Issuer to pay to the Fund an economic return equivalent to holding the underlying A shares); and/or*
- *Collective investment schemes (including those managed or offered by the Manager or its Connected Persons) including but not limited to those directly investing in A shares through qualified foreign institutional investors (“**QFIIs**”) or Renminbi qualified foreign institutional investors (“**RQFIIs**”) (“**A Shares CIS**”).*

Such change may allow greater flexibility for the Manager to better capture A shares investment opportunities and better achieve the Fund’s investment objective. Key updates to the “Investment Objectives and Policies” section on page 11 of the Explanatory Memorandum are set out (as marked up) below for your reference:

“In addition to equities, the portfolio may from time to time include cash, deposits, short-term papers such as treasury bills, certificates of deposit, bankers’ acceptances, short-term commercial paper and other fixed income instruments. The Manager may also place a substantial portion of the portfolio in cash or cash equivalents and may invest in any collective investment schemes (including those managed or offered by the Manager or its Connected Persons (as defined below in the section headed “Conflicts of Interest”). The Fund may also invest in commodities, futures, options, warrants, equity-linked notes and other financial instruments.

The Fund may indirectly invest in A shares (subject to a maximum exposure of 30 per cent. of the Fund’s total net asset value) through:

- China A Shares Access Products (“**CAAPs**”) (such as participatory notes, being listed or unlisted derivative instruments issued by a third party (“**CAAP Issuer**”) which represents an obligation of

the CAAP Issuer to pay to the Fund an economic return equivalent to holding the underlying A shares); and/or

- Collective investment schemes (including those managed or offered by the Manager or its Connected Persons) directly investing in A shares through qualified foreign institutional investors (“QFIIs”) or Renminbi qualified foreign institutional investors (“RQFIIs”) (“A Shares CIS”).

A shares are shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange and traded in Renminbi. The maximum exposure stated above may be changed from time to time; unitholders will be notified one month in advance if the limit is to be changed.

The Fund does not currently have direct access to A shares through QFIIs or RQFIIs.

The value of the Fund’s holding of securities issued by any single issuer will not exceed 10 per cent. of the total net asset value of the Fund. The Fund will not use securitized and structured finance instruments such as collateralised debt obligations, mortgage-backed securities, asset-backed securities and credit default swaps. All investments are subject to the investment restrictions under the Trust Deed. Please refer to the section headed “Investment Restrictions” of this Explanatory Memorandum for details of the investment restrictions under the Trust Deed.”

Accordingly, the “Risk Factors” section of the Explanatory Memorandum has also been amended to include additional key risk factors that are relevant to indirect investment in A shares (namely, Liquidity Risk, Risks of Investing in Other Collective Investment Schemes, PRC Political, Economic and Social Risks, Legal System of the PRC, Potential Market Volatility of the PRC, PRC Tax Risk, Renminbi Depreciation, Risks associated with CAAPs and Risks associated with A Shares CIS).

A new section “PRC Taxation on A Shares” has also been added to the Explanatory Memorandum to further explain the potential impacts of PRC tax on the Fund.

Establishment of New Classes of Units

We would also like to inform you that “C” units AUD Hedged, “C” units CAD Hedged, and “C” units NZD Hedged classes will be available for subscription from 17 March 2014, while “C” units EUR Hedged, “C” units GBP Hedged and “C” units SGD Hedged classes will be available for subscription at a future date to be determined and notified by the Manager.

The above classes of units are collectively referred to as “**“C” units - Hedged**”.

Key features of “C” units – Hedged are as follows:

	“C” units – Hedged
Preliminary charge	Up to 5% of the issue price
Management fee	1.25% per annum
Minimum initial subscription	US\$10,000 (or its equivalent in the relevant class currency)
Minimum subsequent subscription	US\$5,000 (or its equivalent in the relevant class currency)
Minimum holding applicable to partial redemption	US\$10,000 (or its equivalent in the relevant class currency)
Performance fee	15% per annum 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
Redemption charge	Currently nil
Switching charge	Currently nil*

* Certain distributors may impose a charge for each switching of units in a class of the Fund acquired through them for units in another class of the Fund, which will be deducted at the time of the switching and paid to the relevant distributors. Unitholders who intend to switch their units in one class to units in another class should check with their respective distributors for the charge on switching.

Please refer to the Explanatory Memorandum and the Addendum for further details regarding “C” units – Hedged.

The Addendum and the latest Explanatory Memorandum and updated Product Key Facts Statement are available on our website (www.valuepartners.com.hk) and are available for your inspection at the Manager’s office during normal business hours (except on Saturdays, Sundays and public holidays).

Thank you for your continued support. If you have any questions relating to the above, please contact our Fund Investor Services team at (852) 2880-9263 or email to vppl@vp.com.hk.

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 believe there are no other facts the omission of which would make any statement in this Notice misleading as at the date of issuance.

Value Partners Limited