Value Partners
Investing through discipline

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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.

10 September 2014

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED ("FUND")

NOTICE TO SHAREHOLDERS

Dear Shareholders

Addendum to Explanatory Memorandum and Product Key Facts Statement

We are writing to inform you that the Explanatory Memorandum of the Fund dated 25 June 2011, as amended by the addenda dated 26 August 2011, 25 June 2012, 6 July 2012, 10 July 2013, 19 September 2013 and 16 May 2014 ("**Explanatory Memorandum**") will be updated by way of a further addendum dated 10 October 2014 ("**Addendum**") – please see Appendix.

With effect on and from 10 October 2014, the new amendments summarized below will be made to the Explanatory Memorandum by the Addendum.

Your attention is drawn to the new amendments summarized below. However, please note that all information provided herein is qualified in its entirety by the Explanatory Memorandum and the Addendum, and you should carefully read those documents in full.

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

1. Investment Approach

To provide the Manager with greater investment flexibility, the Fund will be able to indirectly invest in China A Shares 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 China A Shares). The investment in CAAPs is subject to a maximum exposure of 10% of the Fund's latest available Net Asset Value and not more than 10% of the Fund's latest available Net Asset Value based on the Fund's gross exposure may be invested in CAAPs issued by any single CAAP Issuer. Accordingly, the section headed "Investment approach" on pages 20 and 21 of the Explanatory Memorandum will be amended in the following manner (amendments marked up):

"*Investment approach*

A substantial portion of investment is made in listed and unlisted companies related to Greater China, which includes the People's Republic of China, Taiwan and Hong Kong but excludes Macau.

Investment is mainly made in the form of equity or debt related Securities.

The Fund seeks to invest primarily in companies with a small to mid market capitalisation. The Manager typically performs its own investment research, including but not limited to frequent company visits, and focuses on companies that do not attract research coverage by major international institutional investors.

The Investments are intended to be held for medium to long-term (i.e. one to five years) capital appreciation. The actual holding period will be dependent on the return from the Investments and the potential of listing of such Investments on the Stock Exchange or other Recognised Stock Exchanges.

The Fund does not currently have any direct ~~or indirect~~ exposure to China A Shares~~. Any direct or indirect investment in China A Shares will only be made upon prior authorisation by the SFC and by giving Shareholders one month's prior written notice (or such shorter notice period as approved by the SFC).~~, being domestic shares in PRC incorporated companies listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange, the prices of which are quoted in Renminbi and which are available to domestic investors, QFII and foreign strategic investors approved by the China Securities Regulatory Commission. However, the Fund may seek indirect exposure to China A Shares in the PRC 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 China A Shares. The investment in CAAPs is subject to a maximum exposure of 10% of the Fund's latest available Net Asset Value and not more than 10% of the Fund's latest available Net Asset Value may be invested in CAAPs issued by any single CAAP Issuer. Any change in the Fund's policy on investment in China A Shares, including but not limited to change in the maximum exposure in CAAPs, will only be made upon prior authorisation by the SFC and by giving Shareholders one month's prior written notice (or such shorter notice period as approved by the SFC).

The Fund intends to invest up to 35% of the Fund's latest available Net Asset Value in China B Shares. The Fund may also, on an ancillary basis, invest in commodities, futures contracts, options, depository receipts, warrants, units in any unit trust or shares in any mutual fund corporation or any other collective investment scheme (including those offered by the Manager or its Connected Persons). For the purposes of hedging market and currency risks, the Fund may invest in index and currency swaps. All investments of the Fund are subject to the investment restrictions under the Articles. Please refer to the section below for details of the investment restrictions under the Articles.

Any cash of the Fund not invested in Securities is deposited with the Custodian and/or other banks where accounts have been opened by the Fund."

The sub-section "Risks Relating to the PRC" under the section "Risk Factors" in the Explanatory Memorandum will be amended to include additional key risk factors that are relevant to the Fund's indirect exposure to China A Shares (namely, risks associated with CAAPs, PRC tax risk and liquidity risk of investing in China A Shares and China B Shares) – please refer to paragraphs 5(b), (c) and (d) under section 5 "Risk Factors" on pages 6 to 8 of the Appendix for the amendments.

The sub-section "The PRC" under the section "Taxation" in the Explanatory Memorandum will be amended to further explain in more detail the PRC tax regime and its potential impact on the Fund – please refer to section 6 "Taxation" on pages 8 to 11 of the Appendix for the amendments.

2. Executive Directors of the Fund and the Manager

The information on Mr. Tse Wai Ming (an executive director of the Fund) as set out under the sub-section "Directors – Executive Directors" under the section "Information on the Fund" on page 34 of the Explanatory Memorandum will be updated – please refer to paragraph 3(b) under section 3 "Information on the Fund" on page 2 of the Appendix for the amendments.

In addition, the information on Dato' Cheah Cheng Hye, Mr. Ho Man Kei and Mr. So Chun Ki Louis (each an executive director of the Manager) as set out under paragraph 4(e) of the addendum dated 10 July 2013 will be updated – please refer to paragraph 3(c) under section 3 "Information on the Fund" on pages 2 to 3 of the Appendix for the amendments.

3. FATCA disclosure

The disclosure headed "Foreign Account Tax Compliance" under the sub-section "Risks relating to the Fund" under the section "Risk Factors" in the Explanatory Memorandum (as inserted in accordance with paragraph 4(a) of the addendum dated 19 September 2013) will be updated and two new disclosures headed "Certification for Compliance with FATCA or Other Applicable Laws" and "Power to Disclose Information to Tax Authorities" have been inserted in the section "Further Information about the Fund" in the Explanatory Memorandum to reflect the latest *Foreign Account Tax Compliance Act* ("**FATCA**") developments and explain the measures that the Fund may take to ensure its compliance with FATCA and other applicable laws – please refer to paragraph 5(a) under section 5 "Risk Factors" on pages 4 to 5 of the Appendix and paragraph 6(b) under section 6 "Taxation" of pages 11 to 12 of the Appendix for the amendments.

4. References to "Initial Offer"

References to "Initial Offer" of the New Redeemable Classes Shares have been deleted or amended to reflect the fact that the New Redeemable Classes Shares are being offered on an ongoing basis – please refer to section 4 "Subscription, Redemption and Transfer of Shares" on page 4 of the Appendix for the amendments.

5. Switching of Shares Between Different Classes

To provide Shareholders with greater investment flexibility, the Fund will permit Shareholders to switch, during any Dealing Period, all or part of their holdings of any class of Shares into Shares of any other class – please refer to paragraphs 4(d) and 4(e) under section 4 "Subscription, Redemption And Transfer Of Shares" on pages 4 to 5 of the Appendix and section 7 "Annex 1" on pages 13 to 14 of the Appendix for the amendments.

6. Other minor amendments

A number of other minor amendments have been made to the sections "Preliminary" and "Definitions" for consistency or cosmetic purposes – please refer to section 1 "Preliminary" and section 2 "Definitions" on page 1 of the Appendix for the amendments.

Shareholders who do not wish to remain in the Fund after the abovementioned changes take effect may redeem their Shares or switch their Shares into any other funds which are authorized by the Securities and Futures Commission and managed by the Manager or any of the Manager's affiliates during any Dealing Period in accordance with the procedures set out in the Explanatory Memorandum. No redemption charge shall be payable on the redemption of any Classes of Shares. Switching of any Classes of Shares of the Fund into any other available funds will be subject to prevailing load structure of such other available funds.

The Addendum, the latest Explanatory Memorandum and the updated Product Key Facts Statement will be uploaded on our website (www.valuepartners.com.hk) and made available for your inspection at the Manager's office during normal business hours (except on Saturdays, Sundays and public holidays) on and from the effective date of the Addendum.

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

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APPENDIX

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED (the "Fund")

ADDENDUM

Important

*The Fund has been authorised as a collective investment scheme by the Securities and Futures Commission of Hong Kong ("**SFC**"). SFC authorisation is not a recommendation or endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean the Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC takes no responsibility for the accuracy of any of the statements made or opinions expressed in this addendum ("**Addendum**").*

If you are in doubt about the contents of this Addendum, you should seek independent professional advice.

*This Addendum supplements, forms part of and should be read in conjunction with the Explanatory Memorandum of the Fund dated 25 June 2011, as amended by the addenda dated 26 August 2011, 25 June 2012, 6 July 2012, 10 July 2013, 19 September 2013 and 16 May 2014 ("**Explanatory Memorandum**"). The changes made to the Explanatory Memorandum by this Addendum shall take effect on 10 October 2014, unless otherwise stated herein.*

All capitalized terms used in this Addendum have the same meaning as in the Explanatory Memorandum, unless otherwise defined herein. Value Partners Limited, the Manager of the Fund, accepts full responsibility for the accuracy of the information contained in this Addendum 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 Addendum misleading as at the date of issuance.

The Explanatory Memorandum is hereby amended as follows.

1. PRELIMINARY

The first sentence of the third paragraph under the heading "PRELIMINARY" on page 2 of the Explanatory Memorandum (as amended in accordance with paragraph 1(a) of the addendum dated 10 July 2013) shall be amended in the manner as marked-up below:

"The Fund has been authorised by the SFC in Hong Kong~~, whose current address is at 35/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong~~."

2. DEFINITIONS

(a) The definition of "Initial Offer Period" under the heading "DEFINITIONS" on page 13 of the Explanatory Memorandum (as inserted in accordance with paragraph 1(j) of the addendum dated 16 May 2014) shall be deleted in its entirety.

(b) The following new definition shall be inserted before the definition of "Rule 144A" under the heading "DEFINITIONS" on page 16 of the Explanatory Memorandum:

""RQFII" Renminbi qualified foreign institutional investor approved pursuant to the relevant PRC regulations (as amended from time to time)"

3. INFORMATION ON THE FUND

(a) The second paragraph under the heading "Investment approach (Continued)" on page 21 of the Explanatory Memorandum shall be amended in the manner as marked-up below:

"The Fund does not currently have any direct ~~or indirect~~ exposure to China A Shares~~. Any direct or indirect investment in China A Shares will only be made upon prior authorisation by the SFC and by giving Shareholders one month's prior written notice (or such shorter notice period as approved by the SFC).~~, being domestic shares in PRC incorporated companies listed on either the Shanghai Stock Exchange or the Shenzhen Stock Exchange, the prices of which are quoted in Renminbi and which are available to domestic investors, QFII and foreign strategic investors approved by the China Securities Regulatory Commission. However, the Fund may seek indirect exposure to China A Shares in the PRC 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 China A Shares. The investment in CAAPs is subject to a maximum exposure of 10% of the Fund's latest available Net Asset Value and not more than 10% of the Fund's latest available Net Asset Value may be invested in CAAPs issued by any single CAAP Issuer. Any change in the Fund's policy on investment in China A Shares, including but not limited to change in the maximum exposure to CAAPs, will only be made upon prior authorisation by the SFC and by giving Shareholders one month's prior written notice (or such shorter notice period as approved by the SFC)."

(b) The first paragraph under the heading "*Executive Directors (Continued)*" on page 34 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

"*Mr. Tse Wai Ming* was appointed as an executive Director on 9 November 2009. Mr. Tse is Chief Executive Officer of Value Partners, responsible for the overall business development of the group. He assumes a leadership role in devising corporate strategy, and managing the company's business operations as well as corporate affairs. He also leads the group's efforts to provide best-in-class asset management services to top-tier institutional investors around the world, while driving the group's China business initiatives. In addition to his responsibilities at the Hong Kong headquarters, he is also engaged in guiding and overseeing all aspects of the group's regional joint venture businesses on the mainland and in Taiwan. He joined Value Partners in January 2007. Mr. Tse currently serves as an executive committee member of the Alternative Investment Management Association in Hong Kong. Mr. Tse graduated from The Chinese University of Hong Kong with a Bachelor's degree in Business Administration. He is a CFA charterholder and a Fellow of the Hong Kong Institute of Certified Public Accountants."

(c) The first to third paragraphs under the heading "*Executive Directors*" on page 36 of the Explanatory Memorandum (as amended by paragraph 4(e) of the addendum dated 10 July 2013) shall be deleted in their entirety and replaced with the following:

"*Dato' Cheah Cheng Hye* was appointed as a director of the Manager on 1 February 1993. Dato' Cheah is Chairman and Co-Chief Investment Officer ("**Co-CIO**") of Value Partners. He is in charge of Value Partners' operations, and is actively engaged in all aspects of the group's activities, including investment research, fund management, business and product development, and corporate management. He sets Value Partners' overall business and portfolio strategy. (Note: In July 2010, Mr. Louis So was promoted to become Co-CIO of Value Partners, working alongside Dato' Cheah.) Dato' Cheah has been in charge of Value Partners since he co-founded the firm in February 1993 with his partner, Mr. V-Nee Yeh. Throughout the 1990s, he held the position of Chief Investment Officer and Managing Director of Value Partners, responsible for managing both the firm's funds and business operation. He led Value Partners to a successful listing on the Main Board of the Hong Kong Stock Exchange in 2007, the first and only asset management company listed in Hong Kong. Dato' Cheah has more than 30 years of investment experience, and is considered one of the leading practitioners of value-investing in Asia and beyond. Value Partners and he personally have received numerous awards – a total of more than 80 professional awards and prizes since the firm's inception in 1993. In 2013, Mr. Cheah was conferred the title of "Dato'" an honorary title that recognizes exceptional individuals – by the government in his home state of Penang, Malaysia. (The title comes with the award of an honorary "Darjah Setia Pangkuan Negeri".) In April 2013, he was appointed as a member of the New Business Committee of the Financial Services Development Council by the Hong Kong Special Administrative Region government. He was also named an Honorary Fellow of The Hong Kong University of Science and Technology in June 2013 for outstanding achievements. Dato' Cheah was the co-winner of "CIO of the Year in Asia" along with Mr. So in the 2011 Best of the Best Awards by Asia Asset Management. In October 2010, he was named by AsianInvestor as one of the Top-25 Most Influential People in Asian Hedge Funds. In 2009, he was named by AsianInvestor as one of the 25 Most Influential People in Asian Asset Management. He was also named "Capital Markets Person of the Year" by FinanceAsia in 2007, and in 2003, he was voted the "Most Astute Investor" in the Asset Benchmark Survey. Prior to starting Value Partners, Dato' Cheah worked at Morgan Grenfell Group in Hong Kong, where, in 1989, he founded the company's Hong Kong/China equities research department as the Head of Research and proprietary trader for the firm. Prior to this, he was a financial journalist with the Asian Wall Street Journal and Far Eastern Economic Review, where he reported on business and financial news across East and Southeast Asia markets. Dato' Cheah served for nine years (1993 to 2002) as an independent non-executive director of Hong Kong-listed JCG Holdings, a leading microfinance company (renamed from 2006 as Public Financial Holdings).

Mr. Ho Man Kei was appointed as a director of the Manager on 18 July 1997. Mr. Ho is Senior Investment Director of Value Partners, where he holds a leadership role in the group's investment process, including a high degree of responsibility for portfolio management. Mr. Ho has extensive experience in the fund management and investment industry, with a focus on research and portfolio management. Mr. Ho was promoted to Senior Investment Director in January 2014. He became an Investment Director in July 2010, and has since been participating in the group's investment management and leading the investment management team's development. He joined Value Partners in November 1995. Prior to that, he was an executive with Dao Heng Securities Limited and had started his career with Ernst & Young. Mr. Ho graduated with a Bachelor's degree in Social Sciences (majoring in Management Studies) from The University of Hong Kong. He is a CFA charterholder.

Mr. So Chun Ki Louis was appointed as a director of the Manager on 14 December 2009. Mr. So is Deputy Chairman and Co-CIO of Value Partners, responsible for assisting Dato' Cheah, Chairman of the Board, for Value Partners' affairs and activities, the daily operations and overall management of the firm's investment management team. He holds a leadership role in the Value Partners' investment process, including a high degree of responsibility for portfolio management. Mr. So has extensive experience in the investment industry, with a solid track record in research and portfolio management. He joined Value Partners in May 1999 as an Analyst and was promoted to the role of Fund Manager, then Senior Fund Manager, and again as Deputy Chief Investment Officer in 2004, 2005 and 2009, respectively. He was promoted to the role of Co-CIO in July 2010 and most recently promoted to the role of Deputy Chairman in June 2012. Mr. So was the co-winner of "CIO of the Year in Asia" along with Dato' Cheah in the 2011 Best of the Best Awards by Asia Asset Management. Mr. So graduated from the University of Auckland with a degree in Commerce, and from the University of New South Wales with a Master's degree in Commerce."

4. SUBSCRIPTION, REDEMPTION AND TRANSFER OF SHARES

(a) The third paragraph under the heading "*Redeemable Classes of Shares*" and the entire section under the heading "Initial Offer" on page 49 of the Explanatory Memorandum (as amended in accordance with paragraph 4(b) of the addendum dated 16 May 2014) shall be deleted in their entirety and replaced with the following:

"The Existing Redeemable Classes Shares and New Redeemable Classes Shares are being offered on an on-going basis as provided herein."

(b) The first and second sentences in the fourth paragraph under the heading "Subscription of Shares" on page 49 of the Explanatory Memorandum (as amended in accordance with paragraph 4(c) of the addendum dated 16 May 2014) shall be deleted in their entirety and replaced with the following:

"Currently, the Existing Redeemable Classes Shares and the New Redeemable Classes Shares are offered in the manner set out below."

(c) The second paragraph under the heading "Subscription of Shares (Continued)" on page 51 of the Explanatory Memorandum (as amended in accordance with paragraph 4(e) of the addendum dated 16 May 2014) shall be deleted in its entirety and replaced with the following:

"Payment of subscription monies can be made in the base currency of the Fund or in the relevant class currency (or such other freely convertible currency acceptable to the Manager). Where amounts are received in a currency other than the base currency of the Fund or in the relevant class currency, they will be converted into the base currency or the relevant class currency. Each conversion will be made at the prevailing exchange rate in the Dealing Period. The costs of any conversion (to be effected at such rates as the Manager may, in its discretion, deem appropriate) and other administrative expenses will be borne by the relevant Shareholder(s). Please note that, for cleared funds in the base currency of the Fund or in the relevant class currency to be received in Hong Kong prior to 5:00 p.m. on the relevant Valuation Day, payment by telegraphic transfer must be made for value at least one business day in New York (for US dollars), or one business day in the relevant country in which the currency of such country is paid (for other class currency) before such close or Valuation Day, as the case may be."

(d) The following section shall be inserted immediately after the section headed "Transfer of Shares (Continued)" on page 57 of the Explanatory Memorandum:

"**Switching of Shares Between Different Classes**

Shareholders will be able to switch, during any Dealing Period, all or part of their holdings of any class of Shares into Shares of any other class.

Applications for switching of Shares may be made to the Administrator's Agent during any Dealing Period in writing and sent by post or by fax. In respect of any faxed instructions, the duly signed original applications must follow such faxed instructions, unless an original fax indemnity was already previously provided to the Manager.

All applications for switching received will be dealt with in the same manner as applications for subscriptions and redemptions. Switches will be calculated on a redemption to subscription price basis by reference to the prices of the relevant classes of Shares. Switches may be combined with partial redemptions. Currently, no switching fee will apply to the switching of Shares between different classes.*

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

Partial switches must not result in the Shareholder's holding in each class of Shares being less than any minimum holding for the relevant class of Shares prescribed by the Manager from time to time. If a request for partial switching will result in either of these holdings being less than any such prescribed minimum holding, the switching request will be deemed to be in respect of the Shareholder's entire holding in the first class of Shares and the Shares will be switched accordingly in their entirety."

(e) References to "application for subscription" under the headings "Form of Shares" on page 58 of the Explanatory Memorandum and "Payment Procedure" on page 95 of the Explanatory Memorandum shall be amended to read as "application for subscription or switching".

5. RISK FACTORS

(a) The risk factor "Foreign Account Tax Compliance" under the heading "Risks Relating to the Fund (Continued)" on page 72 of the Explanatory Memorandum (as inserted in accordance with paragraph 4(a) of the addendum dated 19 September 2013) shall be deleted in its entirety and replaced with the following:

"***Foreign Account Tax Compliance***

Subject to the discussion regarding the IGA (as defined below), sections 1471 – 1474 (referred to as "**FATCA**") of the United States Internal Revenue Code of 1986, as amended ("**IRS Code**") will impose new rules with respect to certain payments to non-United States persons, such as the Fund, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate (beginning on or after 1st July 2014 with respect to US source dividends and interest, and beginning on or after 1st January 2017 with respect to gross proceeds), unless the recipient of the payment satisfies certain requirements intended to enable the United States Internal Revenue Service (the "**IRS**") to identify United States persons (within the meaning of the IRS Code) with interests in such payments.

The United States and the Cayman Islands have signed an intergovernmental agreement for the implementation of FATCA (the "**IGA**"). Pursuant to the IGA, which follows the "Model 1B" intergovernmental agreement disclosed by the United States Treasury in 2012, the Fund will generally be relieved from FATCA withholding tax on payments it receives, as well as the obligation to withhold tax on payments made to its investors, provided that the Cayman Islands government and the Fund comply with the terms of the IGA and related Cayman Islands law. Among other things, the IGA would require the Fund to identify certain of its US owners and report such ownership to the Cayman Islands, which in turn would report information regarding such ownership to the IRS. Currently, the first calendar year for which FATCA related reporting is required in respect of the Cayman Islands will be the 2014 calendar year, with such first report due in 2015.

However, if the Fund receives payments covered by FATCA, withholding may apply if it cannot satisfy the applicable requirements under the IGA or related Cayman Islands law, or the Cayman Islands government is not in compliance with the IGA.

The Fund has been registered with the IRS. The Fund will endeavour to satisfy the requirements imposed under FATCA and the IGA to avoid any withholding tax. In the event that the Fund is not able to comply with the requirements imposed by FATCA, the IGA or related Cayman Islands law, and the Fund suffers US withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund may be adversely affected and the Fund may suffer significant losses as a result.

To the extent that the Fund suffers withholding tax on its investments as a result of FATCA, the Fund may, after completing due process to ascertain and confirm that a Shareholder has failed to cooperate and provide the required information, bring legal action against such Shareholder for losses suffered by the Fund as a result of such withholding tax.

Each prospective investor should consult with its own tax advisor as to the potential impact of FATCA in his own tax situation."

(b) The following risk factor shall be inserted immediately after the risk factor "Legal system of the PRC" under the heading "Risks Relating to the PRC (Continued)" on page 73 of the Explanatory Memorandum:

"***Risks associated with CAAPs***

The policy and regulations imposed by the PRC government on the access into the China A Shares markets are subject to change and any such change may adversely impact the issuance of CAAPs invested by the Fund. Under PRC regulations, investment in China A Shares markets by foreign institutional investors is subject to an investment quota. Shareholders should note that there can be no assurance that the Fund may be able to maintain or obtain sufficient investment in CAAPs. This may have an impact on the Shareholders' investment in the Fund. If any CAAP Issuer has insufficient investment quota, the CAAP Issuer may cease to extend the duration of any CAAPs or to issue further CAAPs and the Fund may be required to dispose of its existing CAAPs

Further, the Fund will be exposed to the counterparty risk associated with each CAAP Issuer. Because a CAAP is a payment obligation of the CAAP Issuer, rather than a direct investment in China A Shares, the Fund may suffer losses potentially equal to the full value of the CAAP if the CAAP Issuer were to become insolvent or fails to perform its payment obligations under the CAAPs."

(c) The risk factor "PRC tax risk" under the heading "Risks Relating to the PRC (Continued)" on page 73 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

"***PRC tax risk***

By investing in (i) China A Shares via CAAPS, (ii) RMB-denominated debt securities issued by non-PRC issuers, and (iii) China B Shares, H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers, the Fund may be subject to PRC taxes.

(i) *China A Shares via CAAPs*

Under the Corporate Income Tax Law of the PRC ("**CITL**") and its detailed implementation rules, dividends, interest and capital gains derived from China A Shares invested via CAAPs by the Fund are subject to PRC withholding income tax ("**WIT**") at a rate of 10%, unless a specific exemption or reduction is available.

Specific rules or regulations governing taxes on capital gains derived from the trading of China A Shares have yet to be announced. It is possible that the relevant tax authorities may in the future clarify the tax position on capital gains realised by the Fund or by a relevant QFII dealing in China A Shares. In the absence of such specific rules, the income tax treatment should be governed by the general tax provisions of the CITL. For an enterprise that is a non-tax resident enterprise without an establishment or place of business ("**PE**") in the PRC, a 10% PRC WIT should be imposed on the PRC sourced capital gains derived from the disposal of China A Shares, unless exempted or reduced under current PRC tax laws and regulations or relevant tax treaties.

Any tax on capital gains levied on China A Shares via CAAPs and payable by the relevant QFII may be passed on to the Fund to the extent that the tax is attributable to the QFII's trading gains on the China A Shares via CAAPs purchased by the Fund. Certain CAAP Issuers have indicated their intention to withhold an amount equal to 10% of any gains representing the PRC tax in respect of any capital gains which would be payable on the actual sale of the underlying China A Shares linked to the CAAPs issued to the Fund. The amounts withheld should generally be retained for a period of 5 years by the CAAP Issuers, pending further clarification of the tax rules and tax collection measures adopted by the PRC authorities. If the tax withheld by the CAAP Issuers is inadequate to meet final PRC tax liabilities on capital gains, the CAAP Issuers may pass on the additional tax liabilities to the Fund, and may therefore result in a decrease in the value of the Fund.

The tax laws, regulations and practice in the PRC are constantly changing, and they may be changed with retrospective effect. In particular, there are still uncertainties as to the withholding tax treatment on dividends, interest and capital gains (currently equal to 10% of any gains) derived from indirect China A Shares investments through CAAPs and China B Shares investments. **If no withholding is made by the CAAP Issuers, the Manager will make PRC WIT provisions for PRC sourced capital gains from indirect China A Shares investments through CAAPs at a rate of 10%.** In light of the uncertainty on income tax treatment on capital gains derived from indirect China A Shares investments through CAAPs, any provision for taxation made by the Manager may be excessive or inadequate to meet final PRC tax liabilities on capital gains derived from indirect China A Shares investments through CAAPs. Any excessive provision or inadequate provision for such taxation may impact on the performance and hence the Net Asset Value of the Fund during the period of such excessive or inadequate provision. Consequently, Shareholders may be advantaged or disadvantaged depending upon the final outcome of how capital gains from indirect China A Shares investments through CAAPs will be taxed, the level of tax provision and when the Shareholders subscribed and/or redeemed their Shares in/from the Fund.

(ii) *RMB-denominated debt securities issued by non-PRC issuers*

The income (including interest income and capital gains) derived from the Fund's investments in RMB denominated debt securities issued by non-PRC issuers outside China should not be subject to PRC taxes.

(iii) *China B Shares, H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers*

For dividends, bonuses and interest paid to investors, 10% PRC WIT should be withheld at the source under current PRC laws and regulations. For capital gains derived by an investor on the disposal of these securities, there are currently no specific rules or regulations under CITL. As a result, such gains are technically subject to the 10% PRC WIT under the CITL. However, as a matter of practice, such 10% PRC WIT on capital gains realised by non-PRC tax resident enterprises from the trading of these securities has not been strictly enforced by the PRC tax authorities.

The Manager will not make provisions for any PRC WIT payable by the Fund on PRC sourced capital gains from China B Shares, H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers. The implication of this is that if the Fund is liable to pay such withholding and other taxes, this may result in an unfavourable impact on the Net Asset Value of the Fund.

For further details on the effects of PRC taxation on the Fund, please refer to the section titled "The PRC" under the heading "Taxation" in this explanatory memorandum."

(d) The following risk factor shall be inserted immediately after the risk factor "PRC tax risk" under the heading "Risks Relating to the PRC (Continued)" on page 73 of the Explanatory Memorandum (as amended in accordance with paragraph 5(c) of this Addendum):

"***Liquidity risk of investing in China A Shares and China B Shares***

China A Shares and China B Shares may be subject to trading bands which restrict increases and decreases in the trading price. CAAP Issuers will be prevented from trading underlying China A Shares when they hit the "trading band limit". If this happens on a particular trading day, CAAP Issuers may be unable to trade China A Shares. When the Manager trades China B Shares for the account of the Fund, the Manager may also be unable to trade China B Shares due to the "trading band limit". As a result, the liquidity of both the CAAPs and the China B Shares may be adversely affected which in turn may affect the value of the Fund's investments."

6. TAXATION

(a) The section "The PRC" under the heading "TAXATION (Continued)" on page 79 of the Explanatory Memorandum shall be deleted in its entirety and replaced with the following:

"**The PRC**

By investing in (i) China A Shares via CAAPs, (ii) RMB-denominated debt securities issued by non-PRC issuers, and (iii) China B Shares, H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers, the Fund may be subject to PRC taxes.

RMB-denominated debt securities issued by non-PRC issuers

The income (including interest income and capital gains) derived from the Fund's investments in RMB denominated debt securities issued by non-PRC issuers outside China should not be subject to PRC taxes.

PRC corporate income tax ("CIT")

If the Fund is considered as a tax resident enterprise of the PRC, it should be subject to PRC CIT at 25% on its worldwide taxable income. If the Fund is considered a non-tax resident enterprise with a PE in the PRC, the profits and gains attributable to that PE should also be subject to PRC CIT at 25%.

The Manager intends to manage and operate the Fund in such a manner that the Fund should not be treated as a tax resident enterprise of the PRC or a non-tax resident enterprise with a PE in the PRC for PRC CIT purposes, although this cannot be guaranteed.

Dividend income or interest income

Interests derived from government bonds issued by the in-charge Finance Bureau of the State Council are exempt from PRC income tax under the CIT law.

China B Shares, H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers

Unless a specific exemption or reduction is available under the current PRC CIT law and regulations or relevant tax treaties, non-tax resident enterprises without PE in the PRC are subject to PRC WIT, generally at a rate of 10%, on dividend income or interest income arising from investments in PRC securities including China B Shares, H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers. The entity distributing such dividends or interest is required to withhold such tax on behalf of the recipients.

China A Shares via CAAPs

Under current regulations in the PRC, foreign investors (such as the Fund) may invest in China A Shares, generally, only through a QFII or a RQFII (in this section referred to as the "**relevant QFII**"). Since only the relevant QFII's interests in China A Shares are recognised under PRC laws, any tax liability would, if it arises, be payable by the relevant QFII, subject to further interpretations and rules that may be issued in the future. However, under the terms of the arrangement between the relevant QFII (i.e. the CAAP issuers) and the Fund, the relevant QFII will pass on any tax liability to the Fund. As such, the Fund is the ultimate party which bears the risks relating to any PRC taxes which are so levied by the relevant PRC tax authority. Under current PRC tax laws and regulations, the relevant QFII (if without a PE in China) is subject to PRC WIT of 10% on dividends and interest from China A Shares unless exempted or reduced under current PRC tax laws and regulations or relevant tax treaties.

Capital gains

China B Shares, H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers

For capital gains derived by an investor on the disposal of these securities, there are currently no specific rules or regulations under the PRC CIT law. As a result, such gains are technically subject to the 10% PRC WIT under the CIT law. However, as a matter of practice, such 10% PRC WIT on capital gains realised by non-PRC tax resident enterprises from the trading of these securities has not been strictly enforced by the PRC tax authorities.

The Manager will not make provisions for any PRC WIT payable by the Fund on PRC sourced capital gains from China B Shares, H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers. The implication of this is that if the Fund is liable to pay such withholding and other taxes, this may result in an unfavourable impact on the Net Asset Value of the Fund.

China A Shares via CAAPs

Specific rules or regulations governing taxes on the relevant QFII's capital gains derived from the trading of China A Shares have yet to be announced. In the absence of such specific rules, the PRC income tax treatment should be governed by the general tax provisions of the CIT law. For an enterprise that is a non-tax resident enterprise without PE in the PRC, a 10% PRC WIT should be imposed on the capital gains derived from the disposal of China A Shares, unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

Any tax on capital gains levied on China A Shares via CAAPs and payable by the relevant QFII may be passed on to the Fund to the extent that the tax is attributable to the QFII's trading gains on the China A Shares via CAAPs purchased by the Fund. **Certain CAAP Issuers have indicated their intention to withhold an amount equal to 10% of any gains representing the PRC tax in respect of any capital gains which would be payable on an actual sale of the underlying China A Shares linked to the CAAPs issued to the Fund.** The amounts withheld should generally be retained for a period of 5 years by the CAAP issuers, pending further clarification of the tax rules and tax collection measures adopted by the PRC authorities. If the tax withheld by the CAAP Issuers is inadequate to meet final PRC tax liabilities on capital gains, the CAAP Issuers may pass on the additional tax liabilities to the Fund, and may therefore result in a decrease in the value of the Fund.

The tax laws, regulations and practice in the PRC are constantly changing, and they may be changed with retrospective effect. **If no withholding is made by the CAAP Issuers, the Manager will make PRC WIT provisions for PRC sourced capital gains from indirect China A Shares investments through CAAPs at a rate of 10%.** In light of the uncertainty on income tax treatment on capital gains derived from indirect China A Shares investments through CAAPs, any provision for taxation made by the Manager may be excessive or inadequate to meet final PRC tax liabilities on capital gains derived from indirect China A Shares investments through CAAPs. Any excessive provision or inadequate provision for such taxation may impact on the performance and hence the Net Asset Value of the Fund during the period of such excessive or inadequate provision. Consequently, Shareholders may be advantaged or disadvantaged depending upon the final outcome of how capital gains from indirect China A Shares investments through CAAPs will be taxed, the level of tax provision and when the Shareholders subscribed and/or redeemed their Shares in/from the Fund.

If no provision for potential PRC WIT is made and in the event that the PRC tax authorities enforce the imposition of such WIT in respect of the Fund's investment in China A Shares via CAAPs, the Net Asset Value of the Fund may be adversely affected. As a result, redemption proceeds or distributions may be paid to the relevant Shareholders without taking full account of the tax that may be suffered by the Fund, which will subsequently be borne by the Fund and affect the Net Asset Value of the Fund and the remaining Shares in the Fund.

Shareholders should refer to the latest financial report of the Fund for details of the amounts currently withheld as provision for taxation liabilities (if any) by the Manager and CAAP Issuers with respect to the taxes on capital gains.

Business tax ("BT") and other surtaxes

Dividend income or interest income

The new BT law does not specifically exempt BT on interest earned by non-financial institutions. Hence, interest on both government and corporate bonds in theory should be subject to 5% BT.

Dividends income on China A Shares, China B Shares and H Shares will not be subject to BT in China.

Capital gains

China A Shares

Caishui [2005] No. 155 states that gains derived by QFIIs from the trading of China A Shares are exempt from BT. The new BT law has not changed this exemption treatment at the time of this explanatory memorandum.

China B Shares, H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers

According to the new BT law which came into effect on 1 January 2009, the capital gains derived by non-individual investors from trading of China B Shares may be subject to BT at 5%. As a matter of practice, the BT has not been strictly enforced by local tax bureaus on capital gains derived by non-PRC tax resident enterprises trading China B Shares.

Where capital gains are derived from trading offshore PRC securities (i.e. H Shares and RMB-denominated debt securities issued or listed offshore by PRC issuers) by the Fund, BT in general should not be imposed as the purchase and disposal are often concluded and completed outside the PRC.

If BT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would also be charged at an amount as high as 12% of the 5% BT payable (or an additional 0.6%). In addition, there may also be other local levies such as flood prevention fee, commodity reconciliation fund and water conservancy fund, depending on the location of the PRC companies.

Stamp duty

Stamp duty under PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. In the case of contracts for sale of China A Shares and China B Shares, such stamp duty is currently imposed on the seller but not the purchaser, at the rate of 0.1%.

For transfer of H Shares by non-PRC tax residents outside the PRC, PRC stamp duty is not generally applicable.

It should also be noted that the actual applicable tax rates imposed by the PRC tax authorities may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Manager may be excessive or inadequate to meet final PRC tax liabilities. Consequently, investors may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares.

If the actual applicable tax rate levied by the State Administration for Taxation ("**SAT**") is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Fund may suffer more than the tax provision amount as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Shareholders will be disadvantaged. On the other hand, if the actual applicable tax rate levied by the SAT is lower than that provided for by the Manager so that there is an excess in the tax provision amount, Shareholders who have redeemed their Shares before SAT's ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Manager's overprovision. In this case, the then existing and new Shareholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Fund as assets thereof.

Non-PRC tax resident Shareholders will not be subject to PRC tax on distributions received from the Fund (through the Fund), or on gains derived from the disposal of Shares. PRC tax resident Shareholders should seek their own tax advice on their tax position with regard to their investment in the Fund (through the Fund).

It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC investments than currently contemplated."

(b) The following sections shall be inserted immediately after the section "Documents Available for Inspection" under the heading "FURTHER INFORMATION ABOUT THE FUND (Continued)" on page 94 of the Explanatory Memorandum:

“**Certification for Compliance with FATCA or Other Applicable Laws**

Each investor (i) will be required to, upon demand by the Fund, the Manager or the Administrator, provide any form, certification or other information reasonably requested by and acceptable to the Fund or the Manager that is necessary for the Fund (A) to prevent withholding (including, without limitation, any withholding tax required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Fund or the Fund receives payments and/or (B) to satisfy reporting or other obligations under the IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligation relating to any applicable law, regulation or any agreement with any tax or fiscal authority (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments, and (iii) will otherwise comply with any reporting obligation imposed by the United States, Hong Kong, the Cayman Islands or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

Power to Disclose Information to Tax Authorities

Subject to applicable laws and regulations in the Cayman Islands and Hong Kong, the Fund or the Manager or any of their authorised persons (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdiction (including but not limited to the US IRS and the Cayman Islands Tax Information Authority), certain information in relation to a Shareholder, including but not limited to the Shareholder’s name, address, tax identification number (if any), social security number (if any) and certain information relating to the Shareholder's holdings in the Fund, to enable the Fund to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law, regulation or agreement under FATCA).”

7. ANNEX I

Annex I of the Explanatory Memorandum (as inserted in accordance with paragraph 6 of the addendum dated 16 May 2014) shall be deleted in its entirety and replaced with the following annex:

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Annex I

Summary of Features of Classes of Shares

	Redeemable Class A Shares and Class A2 QDis Shares	**Non-Redeemable Class N Shares**	**Class Z Shares**	**Class A USD Shares**	**Class A AUD Hedged Shares**	**Class A CAD Hedged Shares**	**Class A EUR Hedged Shares**	**Class A NZD Hedged Shares**	**Class A SGD Hedged Shares**	**Class A GBP Hedged Shares**
Initial issue price	Redeemable Class A Shares – N/A Class A2 Q Dis Shares – HK$10	N/A	US$10	US$10	AUD10	CAD10	€10	NZD10	SGD10	£10
Minimum initial subscription (inclusive of initial charge)	HK$80,000	Not applicable	US$10,000,000	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)
Minimum subsequent subscription (inclusive of initial charge)	HK$40,000	Not applicable	US$100,000	HK$40,000 (or its equivalent in the relevant class currency)	HK$40,000 (or its equivalent in the relevant class currency)	HK$40,000 (or its equivalent in the relevant class currency)	HK$40,000 (or its equivalent in the relevant class currency)	HK$40,000 (or its equivalent in the relevant class currency)	HK$40,000 (or its equivalent in the relevant class currency)	HK$40,000 (or its equivalent in the relevant class currency)
Minimum redemption (inclusive of redemption charge)	Nil	Not applicable	US$100,000	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Minimum holding amount (applicable to partial redemption, transfers and switching)	HK$80,000	Not applicable	US$5,000,000	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)	HK$80,000 (or its equivalent in the relevant class currency)
Initial charge	Up to 5% of the issue price per Share	Not applicable	Up to 5% of the issue price per Share	Up to 5% of the issue price per Share	Up to 5% of the issue price per Share	Up to 5% of the issue price per Share	Up to 5% of the issue price per Share	Up to 5% of the issue price per Share	Up to 5% of the issue price per Share	Up to 5% of the issue price per Share

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Switching fee	Nil*	Nil*	Nil*	Nil*	Nil*	Nil*	Nil*	Nil*	Nil*	Nil*
Redemption charge	Currently Nil (Max. 5% of redemption price per Share)	Not applicable	Currently Nil (Max. 5% of redemption price per Share)	Currently Nil (Max. 5% of redemption price per Share)	Currently Nil (Max. 5% of redemption price per Share)	Currently Nil Max. 5% of redemption price per Share)	Currently Nil (Max. 5% of redemption price per Share)	Currently Nil (Max. 5% of redemption price per Share)	Currently Nil (Max. 5% of redemption price per Share)	Currently Nil (Max. 5% of redemption price per Share)
Annual management fee	1.5% per annum of the Net Asset Value of the Fund attributable to the relevant class (Max. 2%)	1.5% per annum of the Net Asset Value of the Fund attributable to the relevant class (Max. 2%)	0.75% per annum of the Net Asset Value of the Fund attributable to the relevant class (Max. 2%)	1.5% per annum of the Net Asset Value of the Fund attributable to the relevant class (Max. 2%)	1.5% per annum of the Net Asset Value of the Fund attributable to the relevant class (Max. 2%)	1.5% per annum of the Net Asset Value of the Fund attributable to the relevant class (Max. 2%)	1.5% per annum of the Net Asset Value of the Fund attributable to the relevant class (Max. 2%)	1.5% per annum of the Net Asset Value of the Fund attributable to the relevant class (Max. 2%)	1.5% per annum of the Net Asset Value of the Fund attributable to the relevant class (Max. 2%)	1.5% per annum of the Net Asset Value of the Fund attributable to the relevant class (Max. 2%)
Performance fee	15% of the appreciation in the Net Asset Value per Share in the relevant class in the relevant performance period calculated annually on a high- on- high basis	15% of the appreciation in the Net Asset Value per Share in the relevant class in the relevant performance period calculated annually on a high- on- high basis	15% of the appreciation in the Net Asset Value per Share in the relevant class in the relevant performance period calculated annually on a high- on- high basis	15% of the appreciation in the Net Asset Value per Share in the relevant class in the relevant performance period calculated annually on a high- on- high basis	15% of the appreciation in the Net Asset Value per Share in the relevant class in the relevant performance period calculated annually on a high- on- high basis	15% of the appreciation in the Net Asset Value per Share in the relevant class in the relevant performance period calculated annually on a high- on- high basis	15% of the appreciation in the Net Asset Value per Share in the relevant class in the relevant performance period calculated annually on a high- on- high basis	15% of the appreciation in the Net Asset Value per Share in the relevant class in the relevant performance period calculated annually on a high- on- high basis	15% of the appreciation in the Net Asset Value per Share in the relevant class in the relevant performance period calculated annually on a high- on- high basis	15% of the appreciation in the Net Asset Value per Share 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 Shares acquired through it for Shares in another class, which will be deducted at the time of the switching and paid to the relevant distributor.*

10 October 2014