
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.

All capitalized terms used herein but not otherwise defined will have the same meaning as defined in 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, 22 November 2011, 7 March 2014 and 23 February 2015 (“Explanatory Memorandum”).

21 August 2015

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

Dear Unitholders,

We are writing to inform you of the following changes to the Fund with effect from 21 September 2015 (“Effective Date”):

- A. change in domicile and change of Trustee, Manager, Registrar and Administrator of the Fund;
- B. change in investment policy of the Fund;
- C. change in investment restrictions regarding investment in underlying collective investment schemes;
- D. establishment of new classes of units; and
- E. administrative changes relating to subscriptions, redemptions and switching.

A. Change in Domicile of the Fund

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

The Fund was established as a trust on 1 April 1993 under the laws of the Cayman Islands and recorded by a trust deed dated 26 October 1993, 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 Fund is to rationalize the structure of the Fund as the operations of the Fund are mainly in Hong Kong and to prepare for distribution of the Fund in Mainland China under the Mainland-Hong Kong Mutual Recognition of Funds initiative, so as to broaden and diversify the investor base.

With effect from the Effective Date,

- (a) the jurisdiction of the Fund will be changed from the Cayman Islands to Hong Kong;
- (b) as a result of the change in domicile of the Fund, the existing Trustee of the Fund, namely Bank of Bermuda (Cayman) Limited (“Retiring Trustee”) will retire and cease its other functions such as Registrar and Administrator of the Fund;
- (c) in relation to the Fund, 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 Fund. 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 Fund) 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; and

- (d) the New Trustee will declare that with effect on and from the Effective Date, the proper law of the Fund shall be the laws of Hong Kong and the forum for the administration of the Fund shall be Hong Kong.

The Manager is of the view that the change of domicile and trustee is beneficial to the Fund 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 Fund incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund might not otherwise have incurred or suffered and will not subject the Fund to additional regulations or requirements which it would not otherwise be subject to. Notwithstanding the foregoing, unitholders will be subject to stamp duty on the transfer of units. With effect from the Effective Date, the register of unitholders of the Fund 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 Fund. However, the transfer of units in the Fund 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 Fund being a regulated mutual fund in the Cayman Islands, the Manager confirms that application has been made for deregistration of the Fund from CIMA with effect on and from the Effective Date.

2. **Change of Manager**

As part of the rationalization of the structure of the Fund and to prepare for distribution of the Fund 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 Fund, the existing Manager, Value Partners Limited (“**Retiring Manager**”) will retire as manager of the Fund and Value Partners Hong Kong Limited (“**New Manager**”) will be appointed as manager of the Fund.

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 SFO 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 Fund and the Fund 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 Fund.

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 from the Effective Date, the New Trustee will also replace the Retiring Trustee as the Registrar and Administrator. The New Trustee will maintain the register in Hong Kong.

4. Duration of the Fund

Under the existing Trust Deed which is governed by the laws of the Cayman Islands, the Fund shall continue until the date falling 20 years after the date of the death of the last to die of the descendants of King George V living on 1st April 1993, unless the Fund is terminated earlier in accordance with the Trust Deed.

Following the removal of the Fund to Hong Kong, the Fund 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 (Cap 257) as amended from time to time.

The Fund was established on 1 April 1993. Consequently, the duration of the Fund 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 1 April 1993 to 31 March 2073), 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, the Trust Deed will be supplemented by the Deeds of Retirement and Appointment (the “**Deeds of Retirement and Appointment**”) to reflect the change of domicile of the Fund, 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 Fund, 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 Fund, the retirement of the Retiring Trustee and the Retiring Manager and the appointment of the New Trustee and the New Manager.

The New Trustee has certified that the amendments to the Trust Deed by way of the Supplemental Deed 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 Fund. 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) changes to the recitals of the Trust Deed regarding the retirement of the Retiring Trustee and the Retiring Manager and the appointment of the New Trustee and the New Manager;
- (b) deleting the provisions which prohibit Units from being issued, sold or transferred to any person resident or domiciled in the Cayman Islands other than an exempted or ordinary non-resident company incorporated in the Cayman Islands (clause 3(L));
- (c) clarifications on the fees, expenses and costs that can be charged against the Fund (clauses 6(C)(1) and 6(E));
- (d) change to the duration of the Fund to 80 years from the date of its establishment (clause 7(A));

- (e) change of governing law from the Cayman Islands to Hong Kong and insertion of the provisions on the New Trustee and the New Manager submitting to the non-exclusive jurisdiction of the courts of Hong Kong (clause 12);
- (f) update to the date of termination of the Fund if the Trustee or Manager exercise its absolute discretion to terminate the Fund by giving not less than one year's notice in writing so as to expire at the expiration on the prescribed dates (clause 7(B));
- (g) definition of terms including "qualified corporation", "Trustee", "Manager" will be updated and replacement of the definition "Trusts Law" with "Trustee Ordinance", all relevant references to the Retiring Trustee and the Retiring Manager will be replaced with the New Trustee and the New Manager respectively and all references to the Trust Law will be replaced with the Trustee Ordinance;
- (h) amending the cross-reference from Clause 6(D) to Clause 6(E) on amortisation of costs, charges, fees and expenses (paragraph 5(D) of Appendix B);
- (i) amending the paragraph to clarify that the Trustee may act in accordance with the provisions of the Trustee Ordinance (paragraph 2(A) of Appendix J);
- (j) updates to paragraph 1(A) of Appendix I to state that (a) the Trustee must register cash and registrable assets forming part of the Fund in the name of or to the order of the Trustee provided that where borrowing is undertaken for the account of the Fund, such assets of the Fund may be registered in the lender's name or in that of a nominee appointed by the lender; (b) the Trustee shall remain liable for any act or omission of any agent, nominee, custodian, joint custodian or sub-custodian (other than the Euro-clear Clearing System Limited, Clearstream Banking, S.A. or any other depository or clearing system which may from time to time be agreed by the Trustee and the Manager and, if and for so long as the Fund is authorised under the Securities and Futures Ordinance, approved by the SFC) as if the same were the act or omission of the Trustee, provided that if the Trustee has exercised reasonable care and diligence in the selection, appointment and ongoing monitoring of such agent, nominee, custodian, joint custodian or sub-custodian and is satisfied that such agent, nominee, custodian, joint custodian or sub-custodian retained remain suitably qualified and competent to provide the relevant service, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of such agent, nominee, custodian, joint custodian or sub-custodian that is not a connected person of the Trustee; and (c) for so long as the Fund is authorised by the SFC under section 104 of the Securities and Futures Ordinance, section 41O of the Trustee Ordinance shall not apply to the extent that is inconsistent with paragraph 1(A) of Appendix I 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 paragraph 7 of Appendix J;
- (k) insertion of a new paragraph 5(F) in Appendix J to state that the Manager shall manage the Fund in accordance with the Trust Deed in the best interests of unitholders including fulfillment of any duties imposed on the Manager under general law;
- (l) updates to paragraph 7 of Appendix J to state that any indemnity expressly given to the Trustee or to the Manager in the Trust Deed is in addition to and without prejudice to any indemnity allowed by law, provided 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 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;

- (m) allowing the proper law and the forum of administration of the Fund to be the law of and be some place including but not limited to Hong Kong (paragraphs 1(C) of Appendix K);
- (n) change of the entity responsible for giving notice to unitholders about the appointment of the new trustee from the new trustee to the Manager (paragraph 1(D) of Appendix K);
- (o) removal of provisions on exclusions under the Trusts Law (paragraph 1(E) of Appendix K);
- (p) changes made to reflect that, on the appointment of a new Manager, unless Value Partners Hong Kong Limited otherwise agrees, the then Manager and/or the then Trustee shall change the name of the Fund to a name not including either of the words “Value” and “Partners” (paragraph 2(C) of Appendix K);
- (q) expanding the scope of the powers of a meeting of unitholders (paragraph 2 of Appendix L); and
- (r) amending the existing provisions on certification by requiring the Trustee and the Manager to certify the modification, alteration and addition to the provisions of the Trust Deed.

For changes relating to the investment restrictions of the Fund, please refer to section C below.

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) change of the address of the auditors;
- (e) removal of Maples and Calder as legal advisers to the Fund as to matters of the laws of Cayman Islands;
- (f) the definition of “Administrator”, “Custodian”, “Registrar”, “Trustee”, “Manager” as well as the background information or history of the Fund will be updated;
- (g) the sub-section headed “Manager” under the section headed “INVESTMENT MANAGEMENT, POLICIES AND RESTRICTIONS” 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 “INVESTMENT MANAGEMENT, POLICIES AND RESTRICTIONS” will be updated to reflect the information on the New Trustee;

- (i) the sub-subsection headed “Foreign Account Tax Compliance” under the sub-section headed “Risk Factors” will be revised to reflect the arrangement for a Hong Kong unit trust;
- (j) the subsection headed “Cayman Islands” under the section headed “TAXATION” will be deleted in its entirety;
- (k) the paragraphs about the Cayman Islands Monetary Authority’s regulation over the Fund immediately under the section headed “GENERAL INFORMATION” will be deleted in their entirety;
- (l) the subsection headed “Duration of the Fund” under the section headed “GENERAL INFORMATION” will be revised to reflect the change set out in paragraph 4 of this notice;
- (m) 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;

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 Statements of the Fund 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 Fund; or (ii) any additional type of fee being payable by unitholders; (iii) any change in respect of fees payable by the Fund or unitholders; or (iv) any change in the dealings of the Fund.

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

B. Change in Investment Policy

1. Maximum exposure to A shares through the Stock Connect, CAAPs and A Shares CIS

With effect on and from the Effective Date, the Fund’s maximum exposure to A shares through the Stock Connect, CAAPs and A Shares CIS will be reduced from 30% to 20% of the Fund’s total net asset value.

We believe that the change of the investment policy of the Fund does not amount to a material change to the Fund and there will be no increase in the overall risk profile of the Fund following the change.

2. Amendments to Explanatory Memorandum

The Explanatory Memorandum will be amended by updating the sub-section headed “Investment Objectives and Policies” under the section headed “INVESTMENT MANAGEMENT, POLICIES AND RESTRICTIONS” to reflect the change in investment policy.

3. 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 Fund; or (ii) any additional type of fee being payable by unitholders; (iii) any change in respect of fees payable by the Fund or unitholders; or (iv) any change in the dealings of the Fund.

The fees and expenses incurred in connection with the above changes, including but not limited to the costs and expenses for issuing the notice to unitholders and amending the Explanatory Memorandum will be borne by the Retiring Manager.

C. Change in Investment Restrictions

1. Investment in Underlying Collective Investment Schemes

Currently the Fund is subject to the following restrictions –

- (a) the Fund is not allowed to invest more than 10 per cent. of its total net asset value in other collective investment schemes;
- (b) the Manager may not for the account of the Fund invest in a collective investment scheme which is managed by the Manager or any of its Connected Persons, unless there is no increase in the overall total of preliminary or initial charges, management fees or any other costs and charges payable to the Manager or its Connected Persons; and
- (c) the Manager may not for the account of the Fund invest in any collective investment scheme (excluding SFC authorised/permitted real estate investment trusts) which, in turn, invests primarily in any investment prohibited by the Trust Deed or the Explanatory Memorandum or by relevant laws or regulations.

With effect from the Effective Date, the investment restrictions regarding investment in underlying collective investment schemes will be amended to reflect the current requirements in the Code as follows -

- (a) the Fund may not invest (i) more than 10 per cent. of its total net asset value in shares or units in other collective investment schemes (namely “**underlying schemes**”) which are non-recognised jurisdiction schemes (as permitted in the Code) and not authorised by the SFC; (ii) more than 30 per cent. of its total net asset value in shares or units in each underlying scheme which is either a recognised jurisdiction scheme (as permitted in the Code) or an SFC-authorised scheme unless the underlying scheme is authorised by the SFC, and the name and key investment information of the underlying scheme are disclosed in the Explanatory Memorandum; provided that -
 - (1) no investment may be made in an underlying scheme the investment objective of which is to invest primarily in any investment prohibited by Chapter 7 of the Code;
 - (2) where the investment objective of such underlying scheme is to invest primarily in investments restricted by Chapter 7 of the Code, such holdings may not be in contravention of the relevant limitation;
 - (3) all initial charges on the underlying scheme must be waived if the underlying scheme is managed by the Manager or any of its Connected Persons; and
 - (4) the Manager may not obtain a rebate on any fees or charges levied by such underlying scheme or its manager.

2. Investment Restrictions regarding Uncovered Options

With effect from the Effective Date, the investment restrictions regarding options will be amended such that the Manager shall not write uncovered options to reflect the current requirements in the Code.

3. Amendments to the Trust Deed

With effect on and from the Effective Date, the Trust Deed will be amended by the Supplemental Deed to reflect the change in investment restrictions of the Fund regarding investment in underlying collective investment schemes and options in order to align with the current requirements in the Code (paragraphs 1(B)(4), 4(B) and 2(A)(1A) of Appendix H).

4. Amendments to Explanatory Memorandum

The Explanatory Memorandum will also be amended by updating the sub-section headed "Investment Restrictions" under the section headed "INVESTMENT MANAGEMENT, POLICIES AND RESTRICTIONS" to reflect the change in investment restrictions regarding investment in underlying collective investment schemes and options.

5. 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 Fund; or (ii) any additional type of fee being payable by unitholders; (iii) any change in respect of fees payable by the Fund or unitholders; or (iv) any change in the dealings of the Fund.

The fees and expenses incurred in connection with the above changes, including but not limited to the costs and expenses for issuing the notice to unitholders and amending the Trust Deed, the Explanatory Memorandum, which amount to approximately HK\$60,000, will be borne by the Fund.

D. Establishment of New Classes of Units

To facilitate Renminbi ("RMB") investments by investors, we would also like to inform you that new classes of units, namely "C" units RMB, "C" units RMB Hedged and "C" units HKD Hedged, will be available for subscription from the Effective Date.

"C" units RMB, "C" units HKD Hedged and "C" units RMB Hedged will be initially issued at the following initial issue prices:

Class	Initial Issue Price per Unit
"C" units RMB	RMB10
"C" units HKD Hedged	HKD10
"C" units RMB Hedged	RMB10

Key features of “C” units RMB, “C” units HKD Hedged and “C” units RMB Hedged are as follows:

	“C” units RMB / “C” units RMB Hedged / “C” units HKD 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. The charge 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.

In connection with the establishment of “C” units RMB and “C” units RMB Hedged, the investment strategy of the Fund will be clarified, with effect from the Effective Date, that the Fund will have limited exposure to investments denominated in RMB.

The Explanatory Memorandum will be amended to reflect the establishment of “C” units RMB, “C” units RMB Hedged and “C” units HKD Hedged.

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

E. Administrative Changes relating to Subscription, Redemption and Switching

1. The Explanatory Memorandum currently discloses that the Manager is responsible for receiving applications for subscription, redemption and switching of units. In practice, any subscription, redemption or switching forms received by the Manager from applicants or investors are forwarded to the Registrar’s Agent (which will be known as the Registrar after the Effective Date) of the Fund for its handling. As such, the Explanatory Memorandum will be updated to clarify that applications for subscription, redemption or switching of units by prospective investors or unitholders (as the case may be) are to be sent to the Registrar (instead of the Manager). The change is only intended to clarify on the entity that is responsible for handling applications for subscription, redemption and switching of units. There will be no change in the dealing procedures of the Fund.
2. The Explanatory Memorandum currently discloses that the applications for subscription, redemption and switching of units have to be made by post or by fax.

With effect from the Effective Date, the Manager may also, in its discretion, allow any requests for applications for subscription, redemption and switching of units to be made by other written or electronic forms specified by the Manager.

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 Manager (9th Floor, Nexxus 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 at 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).

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.

Thank you for your continued support. 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.

Value Partners Limited