

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 financial advice.

21 September 2015

NOTICE TO SHAREHOLDERS

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED (THE "FUND")

Summary

(A) Change of Investment Policy

The investment policy of the Fund will be revised to allow the Fund with flexibility to invest directly in China A Shares through the Shanghai-Hong Kong Stock Connect ("Stock Connect") and indirectly through collective investment schemes (including those managed or offered by the Manager or its Connected Persons and those that are listed, unlisted, SFC authorised or SFC unauthorised) directly investing in China A Shares through QFIIs or RQFIIs ("A Shares CIS") and to increase the maximum exposure to China A Shares, changes of which will be made to the Explanatory Memorandum (including the Product Key Facts Statement ("KFS")) are as follows:

- to change the investment policy with a maximum exposure of China A Shares investments (via direct and indirect channels) of up to 30% of NAV of the Fund;
- to update the PRC taxation disclosure;
- to add new risk factor disclosures on "Risks associated with Stock Connect" "Risks associated with A Shares CIS", "Risks of investing in other collective investment schemes" and "Risks relating to the China A Shares Market";
- to enhance the risk factor disclosures on "PRC Tax Risk" and "Liquidity Risk of Investing in China A Shares and China B Shares".

(B) Change of Telephone Number

The telephone number for contacting the Manager regarding enquiries and complaints relating to the Fund has been changed to (852) 2143 0688.

(C) Flexibility to accept applications or requests made by other written or electronic forms

Disclosures are inserted in the Explanatory Memorandum to clarify the Manager's discretion to accept subscription, redemption and switching instructions from investors via means other than post or fax.

* The SFC's authorisation is not a recommendation or endorsement of a collective investment scheme nor does it guarantee the commercial merits of such collective investment scheme or its performance. It does not mean the collective investment scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or classes of investors.

Dear Shareholders,

We are writing to notify you of certain changes which will be reflected in an addendum (the “**Addendum**”), to 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, 16 May 2014 and 10 October 2014 (“**Explanatory Memorandum**”) and KFS.

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

1. Change of Investment Policy relating to the direct exposure to China A Shares through Shanghai-Hong Kong Stock Connect, indirect exposure to China A Shares through A Shares CIS and increase in the maximum exposure in China A Shares

The investment policy of the Fund will be revised to provide flexibility to invest directly in China A Shares via the Shanghai-Hong Kong Stock Connect and indirectly through A Shares CIS. The maximum exposure to China A Shares will also be increased from 10% to 30%. Such amendments are shown as bold and underlined:

Existing investment policy	Revised investment policy
<p>The Fund does not currently have any direct exposure to China A Shares, being domestic shares in the People’s Republic of China (“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, qualified foreign institutional investors and foreign strategic investors approved by the China Securities Regulatory Commission. However, the Fund may seek indirect exposure to China A Shares in the People’s Republic of China (“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 NAV and not more than 10% of the Fund’s latest available NAV 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).</p>	<p>The Fund does not currently have any direct exposure to <u>may have direct exposure to certain eligible</u> China A Shares, (being domestic shares in the People’s Republic of China (“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, qualified foreign institutional investors and foreign strategic investors approved by the China Securities Regulatory Commission.) <u>via the Shanghai-Hong Kong Stock Connect (“Stock Connect”). The Stock Connect is a securities trading and clearing links programme with an aim to achieve mutual stock market access between the People’s Republic of China (“PRC”) and Hong Kong. In the initial phase, the Shanghai Stock Exchange (“SSE”)listed China A Shares eligible for trading by Hong Kong and overseas investors under the Stock Connect include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on The Stock Exchange of Hong Kong Limited (“SEHK”), except the following:</u></p> <p><u>(a) SSE-listed shares which are not traded in Renminbi (“RMB”); and</u></p> <p><u>(b) SSE-listed shares which are included in the “risk alert board”.</u></p>

	<p><u>The term “China A Shares” means domestic shares in the PRC incorporated companies listed on either the SSE or the Shenzhen Stock Exchange, the prices of which are quoted in Renminbi and which are available to such investors as approved by the China Securities Regulatory Commission.</u></p> <p>However, tThe Fund may <u>also</u> seek indirect exposure to China A Shares in the <u>PRC</u> the People’s Republic of China (“PRC”) through:</p> <ul style="list-style-type: none"> • 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; <u>and/or</u> • <u>Collective investment schemes (including those managed or offered by the Manager or its Connected Persons and those that are listed, unlisted, SFC authorised* or SFC unauthorised) directly investing in China A Shares through QFIIs or RQFIIs (“A Shares CIS”).</u> <p>The investment in <u>China A Shares through the Stock Connect, CAAPs and A Shares CIS</u> is subject to a maximum exposure of 10 <u>30%</u> of the Fund’s latest available NAV and not more than 10% of the Fund’s latest available NAV 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).</p> <p><u>* The SFC’s authorisation is not a recommendation or endorsement of a collective investment scheme nor does it guarantee the commercial merits of such collective investment scheme or its performance. It does not mean the collective investment scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or classes of investors.</u></p> <p><u>The Fund does not currently have direct access to China A Shares through QFIIs or RQFIIs.</u></p>
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The above change will take effect from 22 October 2015 (“Effective Date”).

Shareholders who do not wish to remain in the Fund after the above changes take effect may redeem their Shares or switch their Shares into any other funds which are authorized by Securities and Futures Commission (“SFC”) and managed by the Manager or any of the Manager’s affiliates (“**other available funds**”) during any Dealing Period in accordance with the procedures set out in the Explanatory Memorandum. Note that the SFC’s authorisation is not a recommendation or endorsement of a collective investment scheme nor does it guarantee the commercial merits of such collective investment scheme or its performance. It does not mean the collective investment scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or classes of investors. 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.

2. PRC Taxation

Investment in China A Shares via CAAPs and A Shares CIS

Prior to 17 November 2014, 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. Similarly, for direct investments in A Shares by A Shares CIS, managers of A Shares CIS may accrue for the 10% withholding referred to above. If no withholding was made by the CAAP Issuers, the Manager has made PRC withholding income tax (“WIT”) provisions for PRC sourced capital gains from indirect China A Shares investments through CAAPs at a rate of 10%. The Manager has also made tax provisions in respect of unrealized capital gains derived from indirect China A Shares investments through CAAPs prior to 17 November 2014 at a rate of 10%.

The Ministry of Finance of the PRC (the “MoF”), the State of Administration of Taxation of the PRC (“SAT”) and the China Securities Regulatory Commission (the “CSRC”) issued the “Notice on the issues of temporary exemption from the imposition of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII” (Caishui [2014] No. 79) on 14 November 2014 (the “**Notice No. 79**”). Notice No. 79 states that (a) PRC Corporate Income Tax (“CIT”) will be imposed on gains obtained by Qualified Foreign Institutional Investors (“QFII”) and Renminbi Qualified Foreign Institutional Investors (“RQFII”) from the transfer of PRC equity investment assets (including PRC domestic stocks) realized prior to 17 November 2014 in accordance with laws; and (b) QFIIs and RQFIIs (without an establishment or place in the PRC or having an establishment in the PRC but the income so derived in China is not effectively connected with such establishment) will be temporarily exempt from PRC CIT on gains derived from the trading of PRC equity investment (including China A Shares) effective from 17 November 2014.

In light of the Notice No. 79 -

- (a) the Manager has determined to reverse the tax provision made prior to 17 November 2014 on the Fund’s unrealized capital gains derived from indirect China A Shares investments through CAAPs with effect from 17 November 2014. This will have a positive impact on the net asset value of the Fund. For the purpose of illustration, as at 17 November 2014, the positive impact on the net asset value of the Fund was approximately 0.02%;
- (b) the CAAP Issuers have indicated that no withholding is made by them in respect of any realized gains which would be payable on the actual sale of the underlying China A Shares linked to the CAAPs issued to the Fund effective from 17 November 2014. Similarly, for direct investments in China A Shares by A Shares CIS, the managers of A Shares CIS may no longer accrue any provision for the 10% withholding tax referred to above effective from 17 November 2014 onwards; and

- (c) the Manager will not make any tax provision for realized and unrealized capital gains derived from indirect China A Shares investments through CAAPs from 17 November 2014 onwards.

Investment in China A Shares via Stock Connect

Pursuant to the “Notice about the tax policies related to the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) (“**Notice No. 81**”) promulgated by the MoF, the SAT and the CSRC on 14 November 2014, dividends received by Hong Kong and overseas investors (including the Fund) from China A Share investment via Stock Connect will be subject to 10% WIT and the company distributing the dividend has the withholding obligation. If the recipient of the dividend is entitled to a lower treaty rate, it can apply to the tax bureau in-charge of the payer for a refund.

Pursuant to Notice No. 81, PRC CIT will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Fund) on the trading of China A Shares through the Stock Connect. **Based on Notice No. 81, no provision for gross realised or unrealised capital gains derived from trading of China A Shares via Stock Connect is made by the Manager on behalf of the Fund.**

Risk factors

The PRC tax rules and practices in relation to QFII, RQFII and Stock Connect, including the Notices No. 79 and No. 81, are new and their implementation is not tested and is uncertain. The Manager will closely monitor any further guidance by the relevant PRC tax authorities and adjust the withholding policy of the Fund accordingly, taking into account independent professional tax advice. The Manager will act in the best interest of the Fund at all times.

The disclosures in the Explanatory Memorandum on PRC taxation will be amended to reflect, inter alia, the change in the PRC tax provisioning policy in respect of investment in China A Shares via CAAPs and A Shares CIS with effect from 17 November 2014 and the PRC tax treatment of investment in China A Shares via Stock Connect.

3. Amendments to Risk Factors

The risk disclosures in the Explanatory Memorandum will be enhanced by inserting new risk factors on “Risks associated with Stock Connect”, “Risks of investing in other collective investment schemes”, “Risks associated with A Shares CIS”, “Risks relating to China A Shares Market” and enhancing disclosures under the risk factors “PRC Tax Risk” and “Liquidity Risk of Investing in China A Shares and China B Shares”.

4. Change of Telephone Number of the Manager

With immediate effect, the telephone number for contacting the Manager for any queries and complaints in relation to the Fund has been changed to the designated Fund Investor Services hotline (852) 2143 0688.

5. Administrative Changes relating to Subscription, Redemption and Switching

With effect from 22 October 2015, the Manager may also in its discretion, allow any requests for applications for subscription, redemption and switching of shares to be made by other written or electronic forms specified by the Manager.

For the avoidance of doubt, the Administrator's Agent is responsible for processing applications for subscription, redemption and switching of shares.

The latest Explanatory Memorandum of the Fund will be available on our website (www.valuepartners.com.hk)¹ and for your inspection at the Manager's office during normal business hours (except on Saturdays, Sundays and public holidays). The Addendum is expected to be available on or around the Effective Date through the aforementioned means.

Thank you for your continued support. If you have any questions relating to the above, please contact us at (852) 2143 0688 or email to FIS@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.

Value Partners Limited

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