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**Important**

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

Unless otherwise stated in this notice, capitalized terms used herein shall have the same meaning as defined in the Explanatory Memorandum of the Trust dated 22 April 2016, as amended by the Addendum dated 15 July 2016 ("**Explanatory Memorandum**").

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.

5 December 2016

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

Dear unitholders,

We are writing to inform you of the following changes to the Trust. Unless otherwise specified, the relevant changes will take immediate effect from the date of this notice:

**1. Change of Investment Policy – Direct Exposure to China A Shares through Shenzhen-Hong Kong Stock Connect**

It is currently disclosed in the Explanatory Memorandum that the Trust may invest directly in eligible China A Shares via the Shanghai-Hong Kong Stock Connect. In addition to the Shanghai-Hong Kong Stock Connect, the Trust intends to gain access to eligible China A Shares via the Shenzhen-Hong Kong Stock Connect (as further described below).

The investment policy of the Trust will be revised to provide flexibility for the Trust to invest directly in eligible China A Shares via the Shenzhen-Hong Kong Stock Connect. The above change will take effect on 5 December 2016 ("**Effective Date**"). For the avoidance of doubt, the Trust's maximum aggregate direct and indirect exposure to China A Shares will remain unchanged i.e. at 20% of the Trust's total net asset value.

**Shenzhen-Hong Kong Stock Connect**

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Trust) are able to trade certain eligible shares listed on the Shenzhen Stock Exchange ("**SZSE**"). These include all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed China A Shares which have corresponding H shares listed on SEHK, except the following:

- SZSE-listed shares which are not traded in RMB; and
- SZSE-listed shares which are included in the "risk alert board" or under delisting arrangement.

Given the change of the investment policy of the Trust is to provide flexibility to invest directly in China A Shares via the Shenzhen-Hong Kong Stock Connect and there is no increase in the Trust's aggregate direct and indirect exposure to China A Shares (i.e. not more than 20%), we

believe that (i) the change of the investment policy of the Trust does not amount to a material change to the Trust; (ii) there will be no material change or increase in the overall risk profile of the Trust following the change; and (iii) the change does not materially prejudice the rights or interests of investors of the Trust. As such, the SFC's prior approval is not required for such change.

Please refer to the Second Addendum for further information relating to the Shenzhen-Hong Kong Stock Connect, including the trading quota, settlement and custody arrangement, participation in corporate actions and shareholders' meetings and trading fees and taxes.

*Risks associated with the Shenzhen-Hong Kong Stock Connect*

Please note that investments through the Shenzhen-Hong Kong Stock Connect are subject to similar risks as those applicable to the Shanghai-Hong Kong Stock Connect, namely, quota limitations, suspension risk, differences in trading days, operational risk, restrictions on selling imposed by front-end monitoring, recalling of eligible stocks, clearing and settlement risk, participation in corporate actions and shareholders' meetings, currency risk, regulatory risk and tax risk. When investing in eligible China A Shares through the Shenzhen-Hong Kong Stock Connect, the Trust will also be subject to the risks associated with the Small and Medium Enterprise Board of the SZSE and/or ChiNext Board of the SZSE.

Further, the Trust's investments through Northbound trading under Shenzhen-Hong Kong Stock Connect will not be covered by Hong Kong's Investor Compensation Fund.

**2. Other Amendments**

In addition to the changes set out above, the Explanatory Memorandum will also be amended by way of the Second Addendum to reflect additional disclosures and updates as summarised below:-

- (i) enhancement on the disclosures relating to PRC taxation;
- (ii) insertion of a new risk factor "***Risks associated with the Small and Medium Enterprise Board of the SZSE ("SME Board") and/or ChiNext Board of the SZSE ("ChiNext Board")***" and updates to the risk factors headed "***Liquidity Risk of Investing in China A Shares and China B Shares***" and "***PRC Tax Risk***" as a result of the Trust trading via the Shenzhen-Hong Kong Stock Connect";
- (iii) insertion of a new risk factor "***Risks relating to Currency Hedging and the Currency Hedged Classes***";
- (iv) insertion of disclosures on liquidity risk management policy; and
- (v) insertion of disclosures on the Standard for Automatic Exchange of Financial Account Information.

The latest Explanatory Memorandum (as amended by the Second Addendum) and updated Product Key Facts Statement are now available on our website ([www.valuepartners.com.hk](http://www.valuepartners.com.hk))<sup>1</sup> and for your inspection at the Manager's office during normal business hours (except on Saturdays, Sundays and public holidays).

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](mailto:FIS@vp.com.hk). We would like to take this opportunity to thank you for your valuable support and we look forward to be of continued service to you.

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<sup>1</sup> This website has not been reviewed or authorized by the SFC.