
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.

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

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 omissions of which would make any statement misleading as at the date of issuance.

30 December 2016

**NOTICE TO UNITHOLDERS – CHINA CONVERGENCE FUND (the “Sub-Fund”), a sub-fund of
VALUE PARTNERS INTELLIGENT FUNDS (the “Trust”)**

Dear Unitholders,

We are writing to notify you of the following changes which are made to the Explanatory Memorandum of the Trust dated 10 July 2013 (including the Addendum to the Explanatory Memorandum dated 10 July 2013 in respect of the Sub-Fund (the “**Addendum**”), and the First, Second, Third and Fourth Supplements dated 13 January 2014, 30 June 2014, 25 September 2015 and 15 February 2016 respectively (together, the “**Explanatory Memorandum**”)) by way of a fifth supplement (the “**Fifth Supplement**”).

However, please note that all information provided herein is qualified in its entirety by the Explanatory Memorandum, the Fifth Supplement and other related documents and you should carefully read the same which are available upon request.

Unless otherwise specified, the relevant changes will take immediate effect from the date of this notice:

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

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

The investment policy of the Sub-Fund will be revised to provide flexibility for the Sub-Fund to invest directly in eligible A Shares via the Shenzhen-Hong Kong Stock Connect. The above change will take effect on 30 December 2016 (“**Effective Date**”). For the avoidance of doubt, the Sub-Fund’s maximum aggregate direct and indirect exposure to A Shares will remain unchanged i.e. at 45% of the Sub-Fund’s total net asset value.

Shenzhen-Hong Kong Stock Connect

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Sub-Fund) 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 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 Sub-Fund is to provide flexibility to invest directly in A Shares via the Shenzhen-Hong Kong Stock Connect and there is no increase in the Sub-Fund’s aggregate direct and indirect exposure to A Shares (i.e. not more than 45%), we believe that (i) the change of the investment policy of the Sub-Fund does not amount to a material change to the Sub-Fund; (ii) there will be no material change or increase in the overall risk profile of the Sub-Fund following the change; and (iii) the change does not materially prejudice the rights or interests of investors of the Sub-Fund. As such, the SFC’s prior approval is not required for such change.

Please refer to the Fifth Supplement 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 A Shares through the Shenzhen-Hong Kong Stock Connect, the Sub-Fund 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 (“**ChiNext Board**”).

Further, the Sub-Fund’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 Fifth Supplement to reflect additional disclosures and updates as summarised below:-

- (i) enhancement of disclosures on 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**” and updates to the risk factor headed “**PRC Tax Risk**” as a result of the Sub-Fund trading via the Shenzhen-Hong Kong Stock Connect;
- (iii) replacement of the risk factor headed “**Currency Hedging Risk**” with the risk factor headed “**Risks relating to Currency Hedging and the Currency Hedged Classes**”;
- (iv) insertion of disclosures on liquidity risk management policy;
- (v) insertion of disclosures on the Standard for Automatic Exchange of Financial Account Information;
- (vi) updates to the risk factor headed “**Foreign Account Tax Compliance**” and insertion of the sub-sections headed “**Certification for Compliance with FATCA or Other Applicable Laws**” and “**Power to Disclose Information to Authorities**”; and

- (vii) change of the Manager's website from "www.valuepartners.com.hk" to "www.valuepartners-group.com".

The latest Explanatory Memorandum (including the Fifth Supplement) and the revised Product Key Facts Statement in respect of the Sub-Fund are now available on our website (www.valuepartners-group.com)¹ 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. 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.

Value Partners Limited

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