

Value Partners

Investing through discipline

Value Partners
High-Dividend Stocks Fund
Explanatory Memorandum



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Important: If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent professional financial advice.

The Directors of the Manager, whose names appear on pages 7-8 of this Explanatory Memorandum, are the persons responsible for the information contained in this Explanatory Memorandum. To the best of the knowledge and belief of the Directors of the Manager (who have taken all reasonable care to ensure that such is the case) the information contained in this Explanatory Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information as at the date of this Explanatory Memorandum. The Directors of the Manager accept responsibility accordingly.

Value Partners High-Dividend Stocks Fund (formerly named Value Partners Asian High Yield Fund, the “Trust”) is an open-ended unit trust constituted under the laws of the Cayman Islands by a Trust Deed dated 7 August 2002, as amended from time to time, (the “**Trust Deed**”) entered into between the Trustee and the Manager. The Trust has been registered as a regulated mutual fund under Section 4(1)(b) of the Mutual Funds Law (2003 Revision) of the Cayman Islands.

The Trust is authorised by the Securities and Futures Commission in Hong Kong (the “SFC”) under Section 104 of the Hong Kong Securities and Futures Ordinance. In giving such authorisation the SFC does not take responsibility for the financial soundness of the Trust or for the correctness of any statements made or opinions expressed in this regard.

This Explanatory Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Persons interested in acquiring Units in the Trust should inform themselves as to:

- (i) the legal requirements within the countries of their nationality, residence, ordinary residence or domicile for such acquisition;
- (ii) any foreign exchange restrictions or exchange control requirements which they might encounter on the acquisition or sale of Units; and
- (iii) any taxation consequences which might be relevant to the acquisition, holding or disposal of Units.

Distribution of this Explanatory Memorandum is not authorised unless it is accompanied by a copy of the latest annual report and accounts of the Trust and, if later, a copy of its most recent semi-annual report, each of which will be deemed to form part of this Explanatory Memorandum.

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The Units of the Trust (“Units”) are offered on the basis of the information and representations contained in this Explanatory Memorandum and any accompanying financial information. Any further information given or representations made by any dealer, salesman or other person must not be relied upon as being authorised by the Trustee or the Manager. No person has been authorised to give any information or to make any representation other than those contained in this Explanatory Memorandum and in the documents mentioned in it. Neither the delivery of this Explanatory Memorandum nor the issue of Units will under any circumstances create any implication that there has been no change in the affairs of the Trust since the date of this Explanatory Memorandum.

This Explanatory Memorandum does not constitute, and will not be construed as, an invitation to members of the public in the Cayman Islands to subscribe for Units in the Trust.

The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or under the securities laws of any state or other political subdivision of the United States and may not be offered, sold, transferred or delivered, directly or indirectly, in the United States of America, its territories or possessions, any state of the United States, or the District of Columbia (“United States”). Neither the United States Securities and Exchange Commission nor any state or other regulatory agency in the United States has passed upon the Units or the adequacy or accuracy of this Explanatory Memorandum. The Trust is not and will not be registered under the United States Investment Company Act of 1940, as amended (the “1940 Act”). Units may not be resold except pursuant to an exemption from (such as in accordance with Rule 144A, if available), or in a transaction not subject to, the registration requirements of the 1933 Act.

The offering of Units is being made outside the United States in accordance with Regulation S under the 1933 Act. The Trust has not offered, sold or delivered and will not offer, sell or deliver directly or indirectly any Units in the United States or to or for the account or benefit of US Persons (as defined in the Trust Deed constituting the Trust). **The attention of United States Persons is drawn to the paragraph headed “Restrictions on Unitholders” on page 39 and the compulsory realisation powers of the Manager referred to therein.**

It should be appreciated that the value of the Units and the income, if any, from them may fall as well as rise and that, accordingly, the amount realised by an investor on the realisation of Units may be less than the original investment made. It should also be appreciated that changes in the rates of exchange between currencies may cause the value of Units to diminish or increase in terms of the currencies of the countries in which the Unitholder may be located.

30 March 2007

For Singapore Prospective Investors

The offer or invitation which is the subject of this document is only allowed to certain relevant persons and not to the retail public in Singapore. Moreover, this document is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you. This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Units may not be circulated or distributed, nor may Units be offered or sold, or be made the subject of an invitation for subscription or purchase, transfer or deliver, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to a relevant person pursuant to section 305(1), or any person pursuant to Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305 of the SFA; or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Value Partners High-Dividend Stocks Funds

1. Management and Administration

Manager

Value Partners Limited

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British Virgin Islands

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Website www.valuepartners.com.hk

Trustee, Registrar,

Administrator and Principal Office

Bank of Bermuda (Cayman) Limited

P.O. Box 513

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North Church Street

George Town

Grand Cayman KY1-1106

Cayman Islands

Custodian and Registrar's Agent

HSBC Institutional Trust Services (Asia) Limited

39/F Dorset House

Taikoo Place, 979 King's Road

Hong Kong

Auditor

PricewaterhouseCoopers

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Grand Cayman

Cayman Islands

Legal Advisers

*To the Manager with respect to
Hong Kong law*

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*To the Manager with respect to
Cayman Islands law*

Walkers

Attorneys at Law

PO Box 265 GT

Walker House

George Town, Grand Cayman

Cayman Islands

British West Indies

1.1 Manager

Value Partners Limited (the “Manager”) is an investment company incorporated with limited liability in the British Virgin Islands on 9th October, 1991. It is licensed under the Hong Kong Securities and Futures Ordinance to carry on regulated activities of dealing in securities, advising on securities, advising on futures contracts and asset management in Hong Kong.

The Manager may, at its discretion and subject to the prior approval of the SFC, appoint sub-investment managers, investment advisers and other agents to provide it with assistance in its management of the investments of the Trust.

The Directors of the Manager are:

Cheah Cheng Hye (Executive Director) – Mr. Cheah co-founded the business and operations of the Manager in February 1993 and is currently the chief investment officer. Mr. Cheah was formerly an executive director in the Hong Kong unit of Morgan Grenfell. He founded Morgan Grenfell’s Hong Kong equities research department in 1989 where he served as the head of research and a proprietary trader. Before joining Morgan Grenfell, Mr. Cheah worked as a financial journalist for eleven years in a number of Asian cities for The Asian Wall Street Journal and the Far Eastern Economic Review Limited.

Ho Man Kei (Executive Director) – Mr. Ho joined the Manager in 1995. He is a graduate of the University of Hong Kong with an accounting major and is a member of the Chartered Association of Certified Accountants and a Chartered Financial Analyst (CFA Charterholder). He started his career with Ernst & Young in 1989 and has also worked for Dao Heng Securities from 1992 to 1995.

Ngan Wai Wah, Franco (Executive Director) – Mr. Ngan is the Managing Director of Value Partners Limited and he joined the firm in March 2004. He is in charge of the firm’s overall management, excluding investment research and securities dealing. Mr. Ngan also serves as the Chairman of two other firms – Development Partners Ltd. (DPL) and Sensible Asset Management (SAM). DPL is a joint venture between Value Partners Ltd. and FMO – the development bank of the Netherlands. DPL manages mezzanine capital projects focusing on mainland China. SAM is a wholly owned subsidiary of Value Partners Ltd., which focuses on structured products. Prior to joining the firm, Mr. Ngan was previously associated with Manulife Asset Management (Hong Kong) Ltd., serving as the director in charge of sales and distribution for both institutional and retail business. Mr. Ngan holds a bachelor’s degree in finance from the University of British Columbia and is a CFA charterholder.

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V-Nee Yeh (Non-Executive Director) – Mr. Yeh is a graduate of Williams College (B.A. magna cum laude, 1981) and Columbia University School of Law (J.D., 1984 and Harlan Fiske Stone Scholar), and is also a member of the California Bar Association. Prior to becoming a director of the Manager, he was a partner at Lazard Brothers Capital Markets in London. Mr. Yeh is a member on the board of directors of various listed companies. He was also a Council Member of The Stock Exchange of Hong Kong Limited (“SEHK”) until its merger into the Hong Kong Exchanges and Clearing Limited. He remains a member of the SEHK’s Listing Committee. He used to be a member of the Listing Committee of the China Securities Regulatory Commission but retired at the end of 2003.

Brian J. Doyle (Non-Executive Director) – Mr. Doyle is a graduate of Miami University, B.S., and the Harvard University Graduate School of Business Administration, M.B.A. He is a managing director of Provident Investment Management Limited, a private capital management firm based in Hong Kong. Prior to forming Provident Investment Management Limited, he was with Whitney & Co., and Morgan Stanley & Co.

1.2 Trustee, Registrar, Administrator and Custodian and Registrar’s Agent

Bank of Bermuda (Cayman) Limited (the “Trustee, Registrar, Administrator and Principal Office”) was incorporated in the Cayman Islands in 1988 and operates there as a licensed bank. **HSBC Institutional Trust Services (Asia) Limited** (the “Custodian” or the “Registrar’s Agent”) is a registered trust company incorporated in Hong Kong in 1974. The Trustee and Registrar as well as the Custodian and Registrar’s Agent are wholly-owned subsidiaries of **The Bank of Bermuda Limited** (the “Bank”). Established in 1889, the Bank is a licensed bank incorporated in Bermuda under the Bank of Bermuda Act of 1890. The Bank is engaged in a wide range of international banking and trust services through its main office in Bermuda and subsidiaries worldwide. On 18th February, 2004, The Bank of Bermuda Limited became an indirect wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England. As at 30th June 2004, HSBC Holdings plc had consolidated gross assets of approximately US\$1,154 billion.

1.3 Auditor

PricewaterhouseCoopers has been retained as the independent auditors of the Trust and will file the Trust’s audited accounts with the Cayman Islands Monetary Authority. The terms of engagement of the auditors provide that, except where finally determined to have resulted from the wilful or intentional neglect or misconduct or fraudulent behaviour of the auditors, the auditors’ maximum liability to the Trust for any reason relating to their services is limited to three times the fees paid by the Trust to the auditors for the services or work product giving rise to liability.

2. Information on the Trust

The Initial Offer Period for Units commenced on 19 August 2002 and closed on 30 August 2002. Units are now available for subscription at their prevailing Issue Price, subject to a Preliminary Charge of up to 5.0 per cent. of the Issue Price. Details are set out in the section “Subscription of Units” on page 19.

2.1 Trust Structure

The Trust is an open-ended unit trust established under the laws of the Cayman Islands in the name of Value Partners Asian High Yield Fund pursuant to a Trust Deed dated 7 August 2002, as amended from time to time (collectively the “**Trust Deed**”) entered into between the Trustee and the Manager. Pursuant to the Second Supplemental Trust Deed, its name was changed to Value Partners High-Dividend Stocks Fund. The Trust may offer units (“**Units**”) to investors (“**Unitholders**”) on a continuing basis at the Issue Price of the relevant class of Units of the Trust. Units may be issued in different classes. Each class of Units may be subject to different terms, including but not limited to, the amount of minimum subscription, the minimum holding, the charges payable on subscription, realisation or conversion of Units, the fees payable to the various service providers of the Trust, and the distributions and other benefits (if any) payable to Unitholders. Except as otherwise provided for in this Explanatory Memorandum or in the Trust Deed, Unitholders have the right to have their Units realised at the Realisation Price of the relevant class of Units.

The Trust will initially offer one class of Units. Units in new classes may be offered for investment from time to time and prospective investors should check with the Manager as to which classes are currently available for investment.

2.2 Investment Objective and Policy

The investment objective of the Trust is to provide capital appreciation and regular income to Unitholders by investing primarily in a portfolio of relatively higher yielding debt and equity securities in the Asian region.

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The Trust will concentrate on investing in interest-bearing or dividend-distributing debt and equity securities of companies or issuers listed in Asian markets, established in or operating principally in the Asian region or which, in the opinion of the Manager, derive a significant proportion of their earnings or revenues from Asia. There are no fixed geographical or sectoral weightings in the allocation of assets and the Manager does not intend to follow benchmark indices in determining the geographical or sectoral weightings of the Trust.

The Manager will use value investing strategies and a bottom-up research approach to select high income investments consistent with the Trust's investment objective. The Manager will aim to follow a buy-and-hold strategy to lower portfolio turnover to maximise the yield from investments.

The Manager may invest in debt and equity securities that are below investment grade and investors should be aware of the greater risks which may be involved in investing in these securities. In addition, the Trust's assets may from time to time include cash, deposits, short-term papers, such as treasury bills, certificates of deposit, banker's acceptances, short-term commercial paper and other fixed income instruments. The Manager may also place a substantial portion of the portfolio in cash or cash equivalents.

The Manager believes that the investment policy will be effective but there is no guarantee that the Trust's investment objective will be achieved. Investors should understand that all investment carries risk. The value of Units and the income from them, if any, may fall as well as rise and investors might not get back the amount originally invested. Investors are also reminded that in certain circumstances described in the section headed "Suspension of the Determination of Net Asset Value" on page 24, dealing in the Units may be temporarily suspended.

2.3 Risk Factors

Investors should consult their own financial advisers regarding the risks associated with investment in the Trust, the suitability of the Trust as a vehicle to meet their investment requirements, and the amount which they should invest. However, investors should be aware, at the very least, of the following general risk factors (set out solely for their assistance) before deciding whether or not to invest in the Trust:

Political and Economic Risks

Uncertainty in any change to government policies or legislation in the countries in which the Trust may invest may adversely affect the political or economic stability of such countries.

Investment Risk

The Trust may invest in companies which are less well-established or in their early stages of development. These companies may often experience significant price volatility and potential lack of liquidity due to low trading volume of their securities.

In addition, the Trust may invest in the securities of small and medium sized companies. This can involve greater risk than is customarily associated with investments in larger and more established companies. In particular, smaller companies often have limited product lines, markets and/or financial resources and management may be dependent on a few key individuals.

Active Investment Management

The Trust's investments will not track a particular share index or other pre-determined benchmarks. Instead, the Trust's assets will be actively managed by the Manager, based on the expertise of individual fund managers, who will have discretion (subject to the Trust's investment restrictions) to invest the Trust's assets in investments that it considers will enable the Trust to achieve its investment objective. There is no guarantee that the Trust's investment objective will be achieved based on the investments selected.

Accounting and Reporting Standards

Unlike other developed countries, accounting standards and regulatory requirements of financial reporting and information disclosure in some developing markets in which the Trust may invest may not follow international standards as there are differences between international standards and reporting practices in such markets.

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Currency Exchange Risk

The investments of the Trust and realisation proceeds to unitholders may be denominated in currencies other than US dollars and, accordingly, any income received by the Trust from such investments and payments made to unitholders will be made in such other currencies. In this regard, there is a currency exchange risk involved as a result of fluctuations in exchange rates between US dollars and such other currency. In addition, foreign exchange control in any country may cause difficulties in the repatriation of funds from such countries.

Credit Risk

The Trust may invest in higher yielding securities which are rated below investment grade. The Trust may be subject to additional risks due to the speculative nature of investing in securities with a rating below investment grade. Accordingly, an investment in these securities may be accompanied by a higher degree of credit risk than is present with investment in higher rated, lower yielding securities. Below investment grade securities such as, for example, high yield debt securities, may be considered speculative and can include securities that are unrated and/or in default.

Interest Rate Risk

The Trust may invest in fixed income securities which are subject to interest rate risk. A fixed income security's value will generally increase in value when interest rates fall and decrease in value when interest rates rise. Certain fixed income securities give an issuer the right to call its securities, before their maturity date, in periods of declining interest rates. The possibility of such "pre-payment risk" may force the Trust to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the Trust's interest income.

Risk Relating to War or Terrorist Attacks

It is possible that the terrorist attacks in the United States in September 2001 may have an adverse political and/or economic impact in Asia. There can be no assurance that there will not be any terrorist attacks which could have direct or indirect effect on the Asian markets in which investments of the Trust may be located and the corresponding political and/or economic effects arising therefrom if any, may in turn adversely affect the operation and profitability of the Trust.

Country Risk

Countries in the Asian region have diverse legal, banking and exchange control systems with which prospective investors may not be accustomed.

2.4 Investment Restrictions and Prohibitions

The Trust Deed sets out certain restrictions on the investment of the assets of the Trust which are summarised below. In particular, the Manager shall ensure that no investment shall be purchased or made for the account of the Trust if it results in:

- (a) the value of the Trust's holding of securities issued by any single issuer (other than government and other public securities) exceeding 10 per cent. of the latest available Net Asset Value of the Trust; or
- (b) the nominal amount of the Trust's holding of a security of any one class issued by a single issuer exceeding 10 per cent. of the total nominal amount of all the issued securities of that class immediately after such investment has been made; or
- (c) the value of the Trust's total holding of securities in the form of unquoted or unlisted securities exceeding 15 per cent. of the latest available Net Asset Value of the Trust; or
- (d) the value of the Trust's total holding of government and other public securities of the same issue exceeding 30 per cent. of the latest available Net Asset Value of the Trust (save that the Trust may invest all of its assets in government and other public securities in at least six different issues); or
- (e) the value of the Trust's total holding of options and warrants in terms of the total amount of premium paid (other than for hedging purposes) exceeding 15 per cent. of the latest available Net Asset Value of the Trust; or
- (f) the value of the Trust's total holding of units in any unit trust or shares in any mutual fund corporation or any other collective investment scheme would in aggregate exceed 10 per cent. of the latest available Net Asset Value of the Trust; or

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- (g) the value of the Trust's total holding of:
- (1) commodities and commodity-based investments (other than shares in companies engaged in producing, processing or trading in commodities); and
 - (2) futures contracts on an unhedged basis (by reference to the net aggregate value of contract prices, whether payable to or by the Trust)

exceeding 20 per cent. of the latest available Net Asset Value of the Trust (without prejudice to the Manager's right to take positions in futures contracts in order to protect the assets of the Trust against adverse or unusual currency or market fluctuations).

In addition, the Manager shall not (amongst other things), on behalf of the Trust:

- (a) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares / interests or derivative interests thereon in real estate companies, or SFC authorised / permitted real estate investment trusts); or
- (b) make short sales unless (i) the liability of the Trust to deliver securities does not exceed 10 per cent. of the latest available Net Asset Value of the Trust and (ii) the security which is to be sold short is actively traded on a market where short selling activity is permitted; or
- (c) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person without the prior written consent of the Trustee; or
- (d) invest in any security or other property which involves the assumption of any liability by the Trust which is unlimited; or
- (e) invest in a security of any class in any company or body if directors and officers of the Manager individually own more than 0.5 per cent. of the total nominal amount of all the issued securities of that class or collectively own more than 5.0 per cent of those securities; or

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- (f) invest in any security where a call may be made for any sum unpaid on that security unless that call could be met in full out of cash or near cash held by the Trust throughout the period from the acquisition of the relevant security up to the date on which the call is made or expires, whichever is earlier; or
- (g) grant options over or in respect of any security except, in the case of call options, where the option is covered by securities and, in the case of put options, where the option is covered by cash or near cash in each case held by the Trust throughout the period from the grant of the option to the exercise of the option; or
- (h) grant call options over securities held by the Trust in excess of 25 per cent. of the latest available Net Asset Value of the Trust in terms of the prices at which all such options may be exercised; or
- (i) invest in any security for the purpose of exercising legal or management control by the Manager or the Trustee of the issuer of such security; or
- (j) invest in any unit trust, mutual fund corporation or other collective investment scheme which, in turn, invests primarily in any investment prohibited by the Trust Deed or this Explanatory Memorandum or by relevant laws or regulations; or
- (k) invest into a unit trust, mutual fund corporation or other collective investment scheme which is managed by the Manager or any of its Connected Persons which would result in an increase in the overall total of initial charges, management fees or any other costs and charges payable by the Trust or by unitholders to the Manager or any of its Connected Persons; or
- (l) invest less than 70% of its non-cash assets in securities and other investments that reflect the particular objective or geographic region or market which the name of the Trust represents; or
- (m) make a loan out of the Trust without the prior written consent of the Trustee except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan (save that the Trustee may make a loan to an entity beneficially owned by the Trust, if any).

2.5 Borrowing Policy

The Trustee may, at the request of the Manager, borrow for the account of the Trust for the purposes of:

- (a) facilitating the realisation of Units or defraying operating expenses; or
- (b) enabling the Manager to acquire investments for the account of the Trust; or
- (c) for any proper purpose as may be agreed by the Manager and the Trustee.

No borrowing shall be made in respect of the Trust if it would result in the principal amount for the time being of all borrowings made for the account of the Trust exceeding 25 per cent. of the latest available Net Asset Value of the Trust at the time of the borrowing provided that back-to-back borrowings shall not be taken into account when determining whether or not these limits have been breached.

2.6 Security Lending

The Trustee may, at the request of the Manager, engage in security lending, in respect of any securities on such terms as may be acceptable to the Trustee through the agency of or directly with any person acceptable to the Trustee (including the Manager or the Trustee or any Connected Person of either of them), and such person shall be entitled to retain for its own use and benefit any fee it receives on a commercial basis in connection with such arrangement provided always that:

- (a) any security lending agreement is entered into only if (i) the relevant securities lent are fully paid-up securities listed on any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded; (ii) the amount of the consideration (including the value of any collateral) given for the relevant securities exceeds the value of such securities at any one time based on daily marked to market values; (iii) any incremental income earned from such an agreement will be accrued to the Trust; (iv) the counterparts' financial standings are equivalent to at least A2/P2 (either based upon reputable

credit rating agencies or in the reasonable opinion of the Manager); and (v) the Trust is entitled at any time to terminate the agreement and demand the immediate return of all securities lent;

- (b) any security lending agreement is entered into only if collateral in such amount and in such form as prescribed by the Manager from time to time has been provided. Unless otherwise agreed to by the Manager, collateral for securities lent may take the form of government stock, government treasury bills, banker's acceptances, certificates of deposit, bonds, equities, letters of credit or cash collateral;
- (c) the value of the securities to be loaned, together with the value of all other securities which are the subject of a loan by the Trust does not exceed 10 per cent. of the latest available Net Asset Value of the Trust; and
- (d) no more than 50 per cent. of securities of the same issue, or of the same kind (by value), held in respect of the Trust is the subject of security lending agreements at any one time.

Any incremental income earned from any security lending agreement may be split between the Trust and any security lending agent in such proportion as the Manager may determine in each case, provided that the amount payable to any security lending agent should not exceed 30% of such incremental income.

The amount of any securities lending fees paid to the Manager, Trustee or any Connected Person will be disclosed in the annual reports of the Trust.

2.7 Other Provisions relating to Investment, Borrowing and Security Lending

The Manager may also (although it will not be under any obligation to do so), from time to time, formulate such other investment, borrowing and security lending limitations and prohibitions in accordance with the provisions of the Trust Deed.

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Any limitation on investment, borrowing or security lending to be measured by reference to the latest available Net Asset Value of the Trust shall be measured by reference to the latest available Net Asset Value of the Trust before the time the relevant investment, borrowing or security lending is made.

If any of the above investment and security lending restrictions or borrowing limits are exceeded or prohibitions breached, the Manager shall, taking due account of the interests of Unitholders, take all steps as are necessary to restore the position within a reasonable period of time so that the limits exceeded will not persist.

3. Subscription and Realisation of Units

3.1 Summary of Features

The Trust currently issues one class of Units, the key features of which are summarised below:

Minimum initial subscription	US\$10,000 (inclusive of any Preliminary Charge)
Minimum subsequent subscription	US\$5,000 (inclusive of any Preliminary Charge)
Minimum holding applicable to partial realisation and transfers	US\$10,000
Preliminary charge on subscription	Up to 5.0 per cent. of the Issue Price
Realisation charge	Currently Nil (Max. 5.0 per cent.)
Annual management fee	1.25 per cent. per annum (Max. 2.0 per cent.)
Performance fee	15.0 per cent. of the increase in Net Asset Value per unit in the relevant performance period calculated annually on a high-on-high basis

3.2 Dealing Periods

The Trust is valued as at the close of business in the last market to close of all relevant markets in which the Trust is invested (or at such other time as the Manager may, with the consent of the Trustee, determine) on each Valuation Day. Unless otherwise determined, Valuation Days are each Monday of every week (or, if such day is not a Business Day, the Business Day immediately following it) and/or such Business Day or Business Days as the Manager may from time to time determine in its absolute discretion provided always that there will be at least one Valuation Day in each calendar month. A Business Day is any day (other than a Saturday) on which banks are open for business in Hong Kong provided that if the period during which banks are open is reduced, as a result of a Number 8 Typhoon Signal or a Black

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Rainstorm Warning or other similar event, such day shall not be considered as a Business Day unless the Manager with the consent of the Trustee determines otherwise.

Investors may subscribe for, or realise, Units at their Issue Price and Realisation Price respectively, denominated in US dollars and based on the Net Asset Value per Unit as determined on a Valuation Day in the manner described under the section headed "Calculation and Publication of Net Asset Value" on page 25. A Preliminary Charge of up to 5.0 per cent. of the Issue Price (payable to the Manager) may, at the discretion of the Manager, be added to the Issue Price of Units subscribed for after the expiration of the Initial Offer Period. A Realisation Charge of up to 5.0 per cent. of the Realisation Price may, at the discretion of the Manager, be deducted from the Realisation Price of Units realised. Currently the Manager has waived the realisation charge applicable to the realisation of units. However, the Manager may re-introduce the realisation charge at any time for up to the maximum level of 5.0 per cent. with 3 months' prior notice to unitholders. At present, Dealing Periods are periods which commence at the end of the preceding Dealing Period and end in Hong Kong at 5:00 p.m. (Hong Kong time) on each Valuation Day.

Dealing Periods for other jurisdictions may be determined as the need arises but, in all cases, the principle will be maintained that the Dealing Period must end at or prior to 5:00 p.m. (Hong Kong time) on each relevant Valuation Day, as determined by the Manager.

The Manager has power to alter the Dealing Periods in any jurisdiction, to determine that Dealing Periods should be referable to a different Valuation Day, and to change the time at which the Trust is valued on each Valuation Day provided that any permanent alterations will be made with one month's prior written notice to Unitholders. The Manager may, at its discretion, make one or more of these alterations on a temporary basis but does not intend to do so unless under the circumstances (including, but not limited to, future operational requirements or the acquisition of investments on different markets) make it desirable.

3.3 Subscription for Units

All applications to subscribe for Units are subject to the terms, conditions and restrictions of this Explanatory Memorandum and the Trust Deed.

The minimum initial subscription for Units (inclusive of the Preliminary Charge) will be US\$10,000 and the minimum subsequent subscription (inclusive of the Preliminary Charge) will be US\$5,000. A Preliminary Charge of up to 5.0 per cent. of the Issue Price per Unit may be made and retained by the Manager for its own use and benefit. The Manager may on any Valuation Day differentiate between applicants as to the amount of the Preliminary Charge to be added to the Issue Price of Units to be issued to them respectively on that day.

In determining the Issue Price of Units, the Manager is entitled to add to the Net Asset Value per Unit, for the account of the Trust, an amount which it considers to be an appropriate allowance (not exceeding 1.0 per cent. of such Net Asset Value per Unit) for fiscal and purchase charges incurred or which would be incurred by the Trust in investing subscription monies, but it is not the present intention of the Manager to add any such amount except in the case of applications for an unusually large number of Units where the subscription amount is in excess of US\$2,000,000.

Applications for subscription of Units must be sent to the Manager by post to the business address or, if the applicant has provided the Manager with an original fax indemnity in the form prescribed by the Manager from time to time (with the consent of the Trustee), by fax to the fax number shown on the Subscription Form. All initial applications for subscription of Units must be made on the Subscription Form which accompanies this Explanatory Memorandum and if sent by fax, must be followed by duly signed original applications for subscription. The Manager may, in its absolute discretion, determine whether or not duly signed original applications are also required in respect of subsequent applications for subscription sent by fax.

Applications for subscription (whether by post or by fax) must be received by the Manager by 5:00 p.m. (Hong Kong time) on the Valuation Day of any Dealing Period in order to be dealt with by reference to that Valuation Day. However, the Manager may in the future stipulate that such an application shall be subject to the

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expiration of a period of notice. Where such minimum notice period is stipulated by the Manager, any application for subscription of Units shall be treated as having been received in the Dealing Period in which the minimum notice period expires. The Issue Price per Unit will be the Net Asset Value per Unit calculated as at that Valuation Day subject to, at the Manager's discretion, an allowance of up to 1.0 per cent. for fiscal and purchase charges (if any). Valid applications for subscription received (whether by post or by fax) by the Manager after 5:00 p.m. (Hong Kong time) on a Valuation Day will be deemed to have been received, and will be dealt with, in the next Dealing Period and with reference to the Valuation Day coinciding with the close of such succeeding Dealing Period.

Units of the Trust are denominated in US Dollars.

Full details of the application and payment procedures for Units are set out on pages 44 to 48 below.

3.4 Realisation of Units

All applications to realise Units are subject to the terms, conditions and restrictions of this Explanatory Memorandum and the Trust Deed.

Requests to realise Units may be made to the Manager during any Dealing Period in writing and sent by post to the business address or, if the relevant Unitholder has provided the Manager with an original fax indemnity in the form prescribed by the Manager from time to time (with the consent of the Trustee), by fax to the fax number shown on page 5 of this Explanatory Memorandum. Realisation requests should specify the number of Units to be realised, the name in which such Units are registered and details of the bank account (if any) to which the realisation monies are to be transferred. All initial requests for realisation of Units sent by fax must be followed by duly signed original requests for realisation. The Manager may, in its absolute discretion, determine whether or not duly signed original requests are also required in respect of subsequent requests for realisations sent by fax.

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All realisation requests must be signed by the Unitholder or, in the case of joint Unitholders, such one or more joint Unitholders who have been authorised to sign such requests on behalf of the other joint Unitholders (where such authorisation has been notified in writing to the Manager) or, in the absence of such notification, by all joint Unitholders.

Unless otherwise specified requests for the realisation of Units will be dealt with on the first Valuation Day falling at least 7 days (or such shorter period as the Manager may permit) after the Business Day on which the request is received (whether by post or by fax) by the Manager on or before 5:00 p.m. (Hong Kong time) on such Business Day. If a request (whether sent by post or by fax) is received on a day which is not a Business Day or is received by the Manager after 5:00 p.m. (Hong Kong time) on a Business Day, it will be treated as having been received on the next succeeding Business Day.

Unitholders should note that realisation monies will not be paid to any Unitholder until (a) the duly signed original written realisation request (if such original is required by the Manager) and all other supporting documents (if any are required) have been received by the Registrar's Agent; and (b) if the realisation proceeds are to be paid by telegraphic transfer to a bank account in the state of New York in the United States or in Hong Kong, the signature of the Unitholder (or the relevant joint Unitholder or Unitholders) on the realisation request form must be verified by a banker or some other person acceptable to the Registrar's Agent. No realisation proceeds will be paid to third parties.

Realisation proceeds will normally be paid in US dollars by telegraphic transfer according to instructions given by the relevant Unitholder(s) to the Manager or by cheque made in favour of, and sent at the risk of the person(s) entitled to such proceeds to the registered address of the Unitholder or (in the case of joint Unitholders) the first named joint Unitholder appearing on the register of Unitholders. If there is no delay in submitting all duly completed realisation documentation and the Manager is not exercising any of its powers described in the section headed "Suspension of Determination of Net Asset Value" below, the maximum interval between the receipt of a properly documented request for realisation of Units and payment of realisation proceeds to the Unitholders may not exceed one calendar month.

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All bank charges and administrative costs incurred in settling realisation proceeds to the Unitholder(s) will be borne by the relevant Unitholder(s) and deducted from the realisation proceeds. Any risks arising from delay in clearance of funds by banks or from sending out the cheque by post will be borne by the relevant Unitholders. A Realisation Charge of up to 5.0 per cent. of the Realisation Price per Unit may also be deducted. Currently, the Manager has waived the Realisation Charge applicable to the realisation of units. However, the Manager may re-introduce a Realisation Charge at any time up to the maximum level of 5.0 per cent. with 3 months' prior notice to Unitholders. In determining the Realisation Price, the Manager is entitled to deduct from the Net Asset Value per Unit for the account of the Trust, an amount which it considers to be an appropriate allowance (not exceeding 1.0 per cent. of such Net Asset Value per Unit) for fiscal and sale charges incurred or which would be incurred by the Trust in realising assets to provide sufficient realisation proceeds, but it is not the present intention of the Manager to make any deduction except in the case of abnormally large realisations of Units where the realisation proceeds are in excess of US\$2,000,000.

With the prior consent of the Manager, arrangements can be made for realisation proceeds to be paid in any major currency other than US dollars. Such alternative settlement instructions should be specified in the realisation request. The costs of any currency 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 Unitholder(s). Such currency conversion will be carried out at arm's length and executed on the best available terms.

With a view to protecting the interests of Unitholders, the Manager may limit the number of Units realised during any Dealing Period to 10 per cent. of the total number of Units in issue on the Valuation Day for that Dealing Period. Such limitation will be applied pro rata to all Unitholders who have requested such realisation. Realisation requests for Units which are not realised will be carried forward to the next Dealing Period to be realised by reference to the next Valuation Day (subject to being further deferred if the carried forward requests themselves exceed 10 per cent. of the Units in issue) provided that realisation requests carried forward from an earlier Valuation Day shall be dealt with in priority to later requests.

Partial realisations may be effected. However, if a realisation request will result in a Unitholder having a residual holding of less than a value of US\$10,000, or such other minimum holding prescribed by the Manager from time to time, by reference to the Valuation Day on which the relevant realisation request is effected, the Manager may deem such realisation request to have been made in respect of all the Units held by that Unitholder.

3.5 Transfers

Unitholders are entitled to transfer Units by an instrument in writing in such form as the Manager may from time to time prescribe signed by both the transferor and the transferee and left with the Registrar's Agent for registration. All forms for the transfer of Units sent by fax to the Manager must be followed by the duly signed original forms and the transfer of Units will only be effected upon receipt of the original executed transfer forms.

No transfer will be accepted if, as a result of such transfer, the value of Units held by either the transferor or the transferee is less than US\$10,000 or such other minimum holding specified by the Manager from time to time or Units are acquired or held by a non-qualified person as described under the section headed "Restrictions on Unitholders" on page 39.

3.6 Fax Instructions

All instructions received by fax from investors or Unitholders in respect of the subscription or realisation of Units (whether or not the duly signed original applications or requests are also required by the Manager to follow such faxed instructions) will generally be acted upon by the Manager subject to its absolute discretion not to, and instructing the Trustee not to, do so until the original written instructions are received.

All Unitholders who wish to give instructions relating to subscription or realisation of Units by fax must provide to the Manager an original fax indemnity in the form prescribed by the Manager from time to time (with the consent of the Trustee).

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Neither the Manager nor the Trustee nor any of their agents, employees or delegates will be liable for any loss which the relevant investor or Unitholder may suffer arising from (a) either the Manager or the Trustee or any of their agents, employees or delegates acting on any faxed instructions which purport to be (and which they believe in good faith to be) from the relevant Unitholder; or (b) the Manager exercising its absolute discretion not to, and instructing the Trustee or any of their agents, employees or delegates not to, act on such faxed instructions; or (c) any faxed instructions which are not received by the Manager or the Trustee. Moreover, without written confirmation of receipt by the Manager or the Trustee, a transmission report produced by the originator of the facsimile transmission disclosing the transmission was sent shall not be sufficient proof of receipt thereof by the Manager or the Trustee.

3.7 Suspension of the Determination of Net Asset Value

The Manager may, after giving prior notice to the Trustee, declare a suspension of the determination of the Net Asset Value of the Trust if:

- (a) there is in existence any state of affairs prohibiting the normal disposal of the investments of the Trust; or
- (b) (other than ordinary holiday or customary weekend closings) there is a closure of or the suspension or restriction of trading on any market to which a material part of the investments of the Trust is exposed; or
- (c) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the Trust or the Net Asset Value per Unit of the Trust or when for any other reason the value of any securities or other property for the time being comprised in the Trust cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained; or
- (d) for any other reason the prices of investments comprised in the Trust or which the Manager shall have agreed to acquire for the account of the Trust cannot, in the opinion of the Manager, be ascertained promptly and accurately; or

- (e) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any securities held or contracted for the account of the Trust or it is not possible to do so without seriously prejudicing the interest of the Unitholders; or
- (f) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the securities of the Trust or the subscription or realisation of Units is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange.

A suspension of the determination of the Net Asset Value shall take effect immediately upon the declaration by the Manager, following which there shall be no determination of the Net Asset Value or Net Asset Value per Unit or the Issue Price or the Realisation Price until the suspension shall have terminated. No Units will be issued or realised during any period of suspension.

The Manager shall give notice of its decision to suspend to Unitholders and to all those whose applications to subscribe for or realise Units have been affected by the suspension through publication in the newspapers in which the Trust's prices are normally published.

3.8 Calculation and Publication of Net Asset Value

The Net Asset Value of the Trust will be determined as at the close of business in the last market to close of all relevant markets in which the Trust is invested (or at such other time as the Manager, with the consent of the Trustee, may determine) on each Valuation Day by valuing the assets of the Trust and deducting the liabilities of the Trust in accordance with the terms of the Trust Deed.

The Net Asset Value per Unit of the Trust will be calculated by dividing the Net Asset Value of the Trust on the relevant Valuation Day by the total number of Units which are then in issue.

The Manager is entitled (when determining the Issue Price of Units) to add the fiscal and purchase charges described in the section headed "Other Expenses" on page 33 to, and (when determining the Realisation Price of Units) to deduct the fiscal and sale charges also described in

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the section headed “Other Expenses” on page 33 from, the Net Asset Value per Unit before rounding the resultant amount to the nearest two decimal places and monies representing any difference between the resultant amount and the amount arrived at after the rounding exercise shall be absorbed by the Trust.

The Net Asset Value per Unit will be available from the Manager on request and Net Asset Value per Unit is published weekly in the South China Morning Post, Hong Kong Economic Journal and the Hong Kong Economic Times. Investors are advised that such published prices are for information only. None of the Trustee, Custodian or the Manager accept any responsibility for any error in publication or for omission of publication of the Net Asset Value per Unit.

3.9 Form of Units

A contract note will normally be issued by the Registrar’s Agent as soon as practicable after the relevant Valuation Day upon acceptance of an application for subscription of Units. Certificates for Units will, however, not normally be issued. The number of Units to be issued pursuant to any application for subscription will be rounded down to two decimal places and any monies representing any lesser fraction of a Unit shall be retained for the benefit of the Trust.

4 Taxation

The following comments are based on advice received by the Manager regarding current law and practice and are intended to assist investors. Investors should appreciate that as a result of changing law or practice, or unfulfilled expectations as to how the Trust or Unitholders will be regarded by revenue authorities in different jurisdictions, the taxation consequences for Unitholders may be otherwise than as stated below.

Investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or realising Units under the laws of their countries of citizenship, residence, ordinary residence or domicile.

4.1 Cayman Islands

The Government of the Cayman Islands will not, under existing legislation, impose any income or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Trust or the Unitholders. The Cayman Islands are not party to any double taxation treaties.

The Trust has obtained an undertaking from the Governor-in-Council of the Cayman Islands that, in accordance with section 81 of the Trusts Law (2001 Revision) of the Cayman Islands, for a period of 50 years from 27th August 2002, no law which is thereafter enacted in the Cayman Islands imposing any tax or duty to be levied on income or on capital assets, gains or appreciations or any tax in the nature of estate duty or inheritance tax shall apply to any property comprised in or any income arising under the Trust or to the trustees or the Unitholders in respect of any such property or income.

4.2 Hong Kong

As the Trust has been authorised under the Hong Kong Securities and Futures Ordinance, the Trust will be exempt from Hong Kong profits tax provided that it is carried on for the purposes stated in its constitutive documents, as approved by the Securities and Futures Commission and in accordance with its requirements.

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In respect of their acquisition, holding or disposal of Units in the Trust, except where such transactions form part of a trade, profession or business carried on in Hong Kong, investors will not be liable to profits tax, and there is no tax on capital gains in Hong Kong. Investors will not pay any Hong Kong stamp duty on their Units.

4.3 United Kingdom

The Trust will be treated for United Kingdom tax purposes as fiscally transparent in respect of its income (but not its capital gains). The Trust itself will not constitute a separate entity for the purposes of the United Kingdom taxation of its income, but each Unitholder will be treated as entitled to a share of the underlying income of the Trust proportionate to that Unitholder's holding of Units in the Trust. Consequently, a United Kingdom resident Unitholder may incur a charge to United Kingdom tax on his proportionate share of the income of the Trust, whether that income is distributed or reinvested.

Unitholders who are resident in the United Kingdom but domiciled outside the United Kingdom for United Kingdom tax purposes will (save in the exceptional case where an item of the Trust's income has a United Kingdom or Irish source) be subject to United Kingdom income tax on the remittance basis.

Units in the Trust will be "material interests" in an "offshore fund" for the purposes of the United Kingdom offshore funds legislation. The Trust does not intend to seek "distributing fund" status and therefore will be a non-qualifying fund for the purposes of this legislation. Consequently, any gain realised by a United Kingdom resident or ordinarily resident Unitholder on the sale, redemption or other disposal (including a deemed disposal on death) of his Units will, after deducting any amounts of accumulated income previously charged to tax as described above, be taxed at the time of such sale, redemption or disposal as income and not as capital gain.

Unitholders who are resident or ordinarily resident in the United Kingdom but domiciled outside the United Kingdom for tax purposes will be subject to United Kingdom income tax on any such gain charged to tax as income under the offshore funds legislation on the remittance basis.

Chapter II of Part IV of the United Kingdom Finance Act 1996 provides that if, at any time in an accounting period a person within the charge to United Kingdom corporation tax holds a material interest in an offshore fund, and there is a time in that accounting period when the fund could invest more than 60 per cent. of its assets in government and corporate debt securities or as cash on deposit, the material interest held by such a person will be treated for that accounting period as if it were rights under a creditor relationship for the purposes of the regime for the taxation of most corporate debt contained in Finance Act 1996. In that eventuality, all returns on the Units in respect of such a Unitholder's accounting period (including profits, gains and losses) will be taxed or relieved as an income receipt or expense on a "mark to market" basis. Such a Unitholder may therefore incur a charge to United Kingdom corporation tax on an unrealised increase in the value of its Units (and, likewise, obtain relief against United Kingdom corporation tax for an unrealised reduction in the value of its Units).

Where the income of the Trust has suffered foreign withholding tax, a United Kingdom resident Unitholder may be able to obtain credit against its United Kingdom tax liability on its share of that income for the foreign tax withheld, either under the terms of a relevant double taxation treaty between the United Kingdom and the jurisdiction in which the income arises or under United Kingdom domestic legislation. To the extent that the income of the Trust has a United Kingdom source, a United Kingdom resident Unitholder may also be able to obtain credit against its United Kingdom tax liability on its share of that income for any amounts withheld on payment of that income to the Trust.

Unitholders who are within the charge to United Kingdom tax on their proportionate share of the income of the Trust should note that neither the Trustee nor the Manager intends to provide any information to Unitholders as to the underlying income of the Trust or any foreign tax withheld from or tax credit attaching to such income.

5. Fees and Expenses

5.1 Preliminary and Realisation Charges

A Preliminary Charge of up to 5.0 per cent. of the relevant Issue Price of Units of the Trust may be made by the Manager on issue of Units subscribed for after the expiration of the Initial Offer Period and retained for its own use and benefit.

A Realisation Charge of up to 5.0 per cent. of the Realisation Price of Units of the Trust may also be made by the Manager on realisation of Units and retained for its own use and benefit.

Currently the Manager has waived the realisation charge applicable to the realisation of units. However, the Manager may re-introduce a Realisation Charge at any time up to the permitted maximum of 5.0 per cent. with three months' prior written notice to Unitholders.

For the purposes of calculating the amount of Realisation Charge, if any, payable by a realising Unitholder realising all or some of his Units, (a) a Unitholder effecting a partial realisation of Units will be deemed to be realising those Units subscribed for earlier in time prior to realising Units which were subsequently subscribed for; and (b) where a Unitholder is realising Units which had been transferred to him, the relevant date to determine any such charge will be the date of transfer, and not of subscription, of such Units.

5.2 Trustee Fees

The Trustee is entitled to receive a Trustee fee out of the assets of the Trust calculated as a percentage of the Net Asset Value as at each Valuation Day. The current rates of the Trustee fee are as follows:

- 0.20 per cent. per annum on the first US\$100 million of the Net Asset Value of the Trust;
- 0.18 per cent. per annum on the next US\$100 million of the Net Asset Value of the Trust; and
- 0.165 per cent. per annum of the Net Asset Value of the Trust in excess of US\$200 million.

The Trustee fee may be increased up to a permitted maximum of 1.0 per cent. per annum on giving the Manager and the Unitholders three months' prior written notice. The Trustee fee accrues daily and is calculated as at each Valuation Day and payable monthly in arrears, out of the Trust, provided that after nine months from the close of the Initial Offer Period, the aggregate Trustee fee payable to the Trustee for any month shall be no less than US\$4,000.

The Trustee is also entitled to be paid out of the Trust a fixed annual fee of US\$3,000 payable quarterly in arrears, as well as transaction fees and distribution handling fee at such rates within the Trustee's usual range of fees for similar transactions as agreed on a commercial arm's length basis with the Manager from time to time.

The Trustee is responsible for the fees of the Custodian and Registrar's Agent. All other fees of co-custodians and/or sub-custodians will be paid out of the Trust at such commercial rates prevailing in the relevant market as may be agreed by the relevant sub-custodian and the Trustee and/or its custodian at the relevant time when such future appointment(s), if any, are made.

5.3 Management Fee

The Manager is entitled to receive a management fee of up to 2.0 per cent. per annum of the Net Asset Value of the Trust and may also be entitled (under certain circumstances) to a performance fee as set out below.

The current management fee is 1.25 per cent. per annum based on the Net Asset Value of the Trust as at each Valuation Day. This fee accrues daily and will be calculated as at each Valuation Day and is payable monthly in arrears out of the Trust. The management fee payable may be increased up to a maximum of 2.0 per cent. per annum of the Net Asset Value of the Trust by the Manager giving not less than three months' prior written notice of such proposed increase to the Trustee and the Unitholders.

The Manager may appoint sub-investment managers and investment advisers, on terms and conditions determined by the Manager and subject to the prior approval of the SFC, to provide sub-investment management services or investment advice in respect of all or part of the Trust. The Manager will be responsible for the fees of such appointed persons.

5.4 Performance Fee

The Manager is also entitled to receive an annual performance fee, calculated on a high-on-high basis, if the Net Asset Value per Unit as at the Performance Fee Valuation Day which is the last Valuation Day of each calendar year (prior to the deduction of any provision for any performance fee and any distribution declared or paid in respect of that performance period) exceeds the higher of (a) US\$10.00; and (b) the Net Asset Value per Unit as at the Performance Fee Valuation Day of the preceding performance period in respect of which a performance fee was last paid to the Manager (after deduction of all fees including any performance fee and any distribution declared or paid in respect of that preceding performance period). The rate of performance fee payable is 15.0 per cent. and is calculated by multiplying this fee rate by the product of such excess of the Net Asset Value per Unit and the average of the number of Units of the Trust in issue on each Valuation Day in the relevant performance period.

The first performance period shall be the period from the first Business Day following the close of the Initial Offer Period to the Performance Fee Valuation Day in the year 2002. Thereafter, the relevant performance period shall be the period commencing on the date immediately following each Performance Fee Valuation Day and ending on the next following Performance Fee Valuation Day.

Any performance fee payable shall be paid as soon as practicable after the end of the relevant performance period. The performance fee shall be accrued on each Valuation Day throughout the relevant performance period. The accrual is made based on the Net Asset Value per Unit on each Valuation Day. If it exceeds that higher of (a) US\$10; and (b) the Net Asset Value per Unit as at the Performance Fee Valuation Day of the preceding performance period in respect of which a performance fee was last paid, a performance fee accrual will be made. If not, no performance fee accrual will be made. On each Valuation Day, the accrual made on the previous Valuation Day will be reversed and a new performance fee accrual will be calculated and made in accordance with the above.

For Units subscribing or redeeming during the relevant performance period, they will be based on the Net Asset Value per Unit (after accrual of performance fee as calculated in accordance with the above)

and there is no adjustment. Depending upon the performance of the fund during the year, the price at which unitholders subscribe or redeem units at different times will be affected by performance of the fund and this could have a positive or negative effect on the performance fee borne by them.

5.5 Other Expenses

The Manager is entitled to add to the Net Asset Value per Unit an amount which it considers to be an appropriate allowance (not exceeding 1.0 per cent. of such Net Asset Value per Unit) for fiscal and purchase charges incurred or which would be incurred by the Trust in investing subscription monies.

The Manager is also entitled to deduct from the Net Asset Value per Unit an amount which it considers to be an appropriate allowance (not exceeding 1.0 per cent. of such Net Asset Value per Unit) for fiscal and sale charges incurred or which would be incurred by the Trust in realising assets to provide sufficient realisation proceeds.

The Trust will not be responsible for any advertising or promotional expenses of the Trust nor any commission, remuneration or other sums payable by the Manager to any agent or other person in respect of the issue or sale of any Units.

The Trust will bear all operating costs relating to the administration of the Trust including but not limited to stamp and other duties, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges and other costs and expenses payable in respect of the acquisition, holding and realisation of any investment or any monies, deposit or loan, charges and expenses of its legal counsel and auditors, any disbursements or out-of-pocket expenses properly incurred on behalf of the Trust by any of its service providers, the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly reports, accounts and other circulars relating to the Trust and the expenses of publishing Unit prices.

The preliminary costs are being currently amortised over the first three financial years of the Trust and that the current unamortised amount as at 29th November 2004 is US\$13,181.

6. General Information

6.1 Distribution Policy

The Manager may, in accordance with the Trust Deed, determine to make a distribution of the income of the Trust to Unitholders. The amount available for distribution shall be calculated by the Manager as a percentage of the income of the Trust. Income of the Trust for the purposes of calculating the amount for distribution shall include all interest, dividends and other amounts considered to be in the nature of income and shall be subject to such adjustments as the Manager may think fit.

The Manager currently intends to make distribution for the Fund. However, the Manager may consider not making distributions in any financial year, in its absolute discretion, taking into account factors such as fund size, fund history, income for the year, capital growth, administration costs, etc. Where distributions are made, the amount available for distribution in respect of each financial year will be determined and declared at such date(s) the Manager may, with the prior consent of the Trustee, determine. Following declaration, the relevant distribution shall be paid on a Valuation Day as soon as practicable after the date on which the distribution is declared (“Distribution Date”) to persons who were Unitholders on the Valuation Day immediately preceding the date on which the distribution is declared.

Unless Unitholders have indicated otherwise to the Manager on the subscription of Units, any distributions payable will automatically be reinvested in the subscription of further Units of the Trust on the Distribution Date at the prevailing Issue Price applicable on the Distribution Date. The Manager may determine to make no distributions or make fewer distributions in a financial year at its absolute discretion.

Unitholders may specify on subscription that they wish to receive a cash distribution if a distribution is declared by the Manager. Provided, however, that distributions will not be paid in cash if the amount of the distribution for the relevant Unitholder amounts to less than US\$100 or such other amount determined by the Manager from time to time. If Unitholders do not request cash distributions or if the amount

of the distribution payable to the relevant Unitholder is less than the minimum amount specified as aforesaid, the distribution to which the Unitholder is entitled will be reinvested in further Units to be issued at the prevailing Issue Price applicable on the Distribution Date.

6.2 Trust Deed

The Trust was constituted by a trust deed dated 7 August 2002, as amended from time to time, (the “Trust Deed”) entered into between Value Partners Limited as Manager and Bank of Bermuda (Cayman) Limited as Trustee and is governed by the laws of the Cayman Islands. Unitholders and prospective investors are advised to review the terms of the Trust Deed which govern their investment in the Trust.

6.3 Report, Accounts and Statements

The financial year end of the Trust is 31 December in each year. Audited accounts of the Trust, prepared according to International Financial Reporting Standards (save that the establishment costs of the Trust may be amortised), will normally be sent to Unitholders within two months and, in any event, not more than four months of the financial year-end. The Manager will also prepare unaudited semi-annual reports for the first six calendar months ending on 30 June in each financial year, to be sent to Unitholders within two months after the end of such period. Such reports provide details of the assets of the Trust and the Manager’s statement on transactions during the period under review.

At the end of each calendar quarter (i.e. March, June, September and December), each Unitholder will be sent an account statement containing details of his transactions during the relevant period and the market value of his Units.

6.4 Duration and Termination of the Trust

Unless terminated earlier as provided in the Trust Deed, the Trust will continue until the date falling 150 years less one day from the date of the Trust Deed. This is a technical requirement in order to avoid the possibility of the Trust infringing the rule against perpetuities under Cayman Islands law.

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The Trust may be terminated by the Trustee if any of the following events shall occur, namely:

- (a) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets and is not discharged within 60 days; or
- (b) in the opinion of the Trustee, the Manager has failed to perform or is incapable of performing its duties under the Trust Deed satisfactorily or the Manager has done such thing which, in the opinion of the Trustee, is calculated to bring the Trust into disrepute or is harmful to the interests of the Unitholders; or
- (c) any law is passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust; or
- (d) the Trustee is unable to find a person acceptable to the Trustee to act as the new Manager within 30 days after the removal of the Manager; or
- (e) the Trustee has decided to retire but within 30 days of the Trustee giving notice to the Manager of its desire to retire the Manager is unable to find a suitable person who is willing to act as trustee.

The Trust may be terminated by the Manager in its absolute discretion by three months' notice in writing to the Trustee and to Unitholders if:

- (a) after 5 years from the date of the Trust Deed, the aggregate Net Asset Value of all the Units outstanding is less than US\$2,500,000; or
- (b) any law is passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable to continue the Trust.

The Trust may be terminated at any time in the event that an Extraordinary Resolution to that effect is passed at a duly convened meeting of Unitholders.

6.5 Conflicts of Interest

The Manager and the Trustee may, from time to time, act as manager, sub-investment manager, investment adviser, trustee or such other capacity in connection with any collective investment scheme separate and distinct from the Trust and retain any profit or benefit made in connection therewith.

In addition:

- (a) The Manager or any Connected Person (as defined below) may purchase and sell investments for the account of the Trust as agent for the Trustee.
- (b) The Trustee, the Manager and any of their Connected Persons may contract or enter into any financial, banking or other transaction with one another or with any Unitholder or any company or body any of whose shares or securities form part of the Trust.
- (c) The Trustee or the Manager may become the owner of Units and hold, dispose or otherwise deal with them with the same rights which it would have had if it had not been the Trustee or the Manager.
- (d) The Trustee, the Manager and any of their Connected Persons may buy, hold and deal in any securities, commodities or other property for their own account or for the account of their other customers notwithstanding that similar securities, commodities or other property may be held as part of the Trust.
- (e) Any arrangements for the borrowing or deposit of any monies for the account of the Trust may be made with any of the Trustee, the Manager, any investment adviser or any Connected Person of any of them being a banker or other financial institution provided that such person shall charge or pay (as the case may be) interest or fees at a rate or amount no higher (in the case of a borrowing) or lower (in the case of a deposit) than the prevailing rates or amounts for transactions of a similar size and duration, in the same currency and with institutions of similar standing.

Value Partners High-Dividend Stocks Funds

- (f) The Manager, any investment adviser or any Connected Person of any of them may, with the prior written approval of the Trustee, act as principal and sell or deal in the sale of investments of the Trust or otherwise deal as principal with the Trust provided always that such transactions are transacted at arm's length and executed on the best available terms and shall not account for more than 50 per cent. by value of the Trust's investment transactions in any one financial year.
- (g) Neither the Trustee nor the Manager nor any Connected Person shall be liable to account to each other or to the Trust or to the Unitholders for any profits or benefits made or derived from or in connection with any such transaction mentioned above.

It is, therefore, possible that any of the Trustee, the Manager or their Connected Persons may, in the course of business, have potential conflicts of interest with the Trust. Each will, at all times, have regard in such event to its obligations to the Trust and the Unitholders and will endeavour to ensure that such conflicts are resolved fairly.

For the purposes of this section, Connected Persons shall have the meaning defined in the Trust Deed and includes any subsidiary or holding company or associate of the Manager or the Trustee, or subsidiary of such holding company as the case may be.

None of the Manager, investment adviser or other delegate nor any Connected Person shall, retain any cash commission rebates or other payment or benefit (except as otherwise provided for in this Explanatory Memorandum or in the Trust Deed) received from a third party (either directly or indirectly) arising out of the sale or purchase or loan of investments for the Trust, and any such rebates or payments or benefits which are received shall be credited to the account of the Trust.

The Manager, its delegates or Connected Persons may receive, and are entitled to retain, goods and services and other soft dollar benefits which are of demonstrable benefit to the Unitholders (as may be permitted under applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out provided that the quality of transaction execution is consistent with best execution standards and the brokerage borne by the Trust will not

exceed customary institutional full service brokerage rates for such transaction. Goods and services referred to above may include research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the above goods and services; clearing and custodian services and investment-related publications.

6.6 Restrictions on Unitholders

The Manager has power to impose such restrictions as the Manager may think necessary for the purpose of ensuring that no Units in the Trust are acquired or held by a non-qualified person. A non-qualified person includes:—

- (a) a US Person (as defined in the Trust Deed); or
- (b) any individual under the age of 18; or
- (c) any person who is resident or domiciled in the Cayman Islands; or
- (d) any person whose holding of Units would be a breach of the law or requirements of any country or governmental authority in circumstances which, in the Manager's opinion, might result in the Trust suffering any adverse effect which the Trust might not otherwise have suffered; or
- (e) any person or persons, in circumstances which, in the Manager's opinion, may result in the Trust incurring any tax liability or suffering any other pecuniary disadvantage which the Trust might not otherwise have incurred or suffered; or
- (f) such other non-qualified persons as determined by the Manager from time to time.

If it comes to the notice of the Manager that any Units are so held by such a person, the Manager may give notice to such person requiring the realisation or transfer of such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any such restriction is required

either to deliver to the Trust a written request for realisation of his Units in accordance with the Trust Deed or to transfer his Units to a person who would not thereby be a US Person or a non-qualified person.

6.7 Voting Rights

Meetings of Unitholders may be convened by the Manager or the Trustee or where the holders of one-tenth or more of the Units in issue require such a meeting to be convened. Unitholders will be given not less than 21 days' notice of any meeting.

The quorum for the transaction of business, except for the purpose of passing an Extraordinary Resolution, will be Unitholders present in person or by proxy registered as holding not less than 10 per cent. of the Units for the time being in issue. The quorum for passing an Extraordinary Resolution will be Unitholders present in person or by proxy registered as holding not less than 25 per cent. of the Units for the time being in issue.

Meetings of Unitholders may be used to modify the terms of the Trust Deed, including to increase the maximum fees payable to the service providers, to remove the Trustee or to terminate the Trust at any time. Such amendments to the Trust Deed must be considered by Unitholders holding at least 25 per cent. of the Units in issue and passed by way of an Extraordinary Resolution where there is a 75 per cent. majority of the votes cast.

Unless a poll is demanded by the Chairman or one or more Unitholders present in person or by proxy registered as holding 5.0% or more of the Units for the time being in issue, voting at a meeting shall be decided on a show of hands. In the case of joint Unitholders, the senior of those who tenders a vote (in person or by proxy) will be accepted to the exclusion of the other joint Unitholders and seniority is determined by the order in which the names appear on the register of Unitholders.

Voting at meetings of Unitholders shall be conducted in accordance with the relevant provisions of the Code and in particular so that votes shall be proportionate to the number of Units held.

6.8 Anti-Money Laundering Regulations

In order to comply with regulations aimed at the prevention of money laundering, the Trustee, the Manager, the Administrator, the Registrar, their affiliates, subsidiaries or associates (as the case may be) may require verification of identity from all prospective investors (unless in any case they are satisfied that an exemption under the Money Laundering Regulations 2003 of the Cayman Islands (the “Regulations”) applies). Depending on the circumstances of each subscription, a detailed verification might not be required where:

- (a) a prospective investor makes the payment for his investment from an account held in the prospective investor’s name at a recognised financial institution; or
- (b) the prospective investor is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction; or
- (c) the subscription is made through an intermediary which is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority or jurisdiction will be determined in accordance with the Regulations by reference to those jurisdictions recognised by the Cayman Islands as having sufficient anti-money laundering regulations.

The Trustee, the Manager, the Administrator, the Registrar, their affiliates, subsidiaries or associates (as the case may be) reserve the right to request such information as is necessary to verify the identity of a prospective investor. In the event of delay or failure by the prospective investor to produce any information required for verification purposes, the Trustee, the Manager, the Administrator, the Registrar, their affiliates, subsidiaries or associates (as the case may be) may refuse to accept the application and, if so, any funds received will be returned without interest to the account from which the monies were originally debited.

If any person who is resident in the Cayman Islands (including the Trustee, the Manager, the Administrator, the Registrar, their affiliates, subsidiaries or associates (as the case may be)) has a suspicion obtained in the course of business that any other person is engaged in money laundering that person is required to report such suspicion pursuant to the Proceeds of Criminal Conduct Law (2004 Revision) of the Cayman Islands and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by any enactment or otherwise.

6.9 Regulation of the Trust in the Cayman Islands

The Trust falls within the definition of a “mutual fund” in terms of the Mutual Funds Law (2003 Revision) of the Cayman Islands (the “Law”) and will, accordingly, be regulated in terms of that Law. The obligations of the Trustee are:

- (a) to register the Trust with the Cayman Islands Monetary Authority (the “Monetary Authority”);
- (b) to file with the Monetary Authority prescribed details of this Explanatory Memorandum and changes to it;
- (c) to file annually with the Monetary Authority accounts audited by an approved auditor; and
- (d) to pay a prescribed registration fee.

As a regulated mutual fund, the Trust will be subject to the supervision of the Monetary Authority and the Monetary Authority may at any time instruct the Trustee to have the Trust’s accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies. In addition, the Monetary Authority may ask the Trustee to give the Monetary Authority such information or such explanation in respect of the Trust as the Monetary Authority may reasonably require to enable it to carry out its duty under the Law.

The Trustee may be required to give the Monetary Authority access to or provide at any reasonable time all records relating to the Trust and the Monetary Authority may copy or take an extract of a record it is given access to.

The Monetary Authority is prohibited by the Law from disclosing any information relating to the affairs of a mutual fund other than disclosure required for the effective regulation of a mutual fund or when required to by law or by the court.

The Monetary Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Monetary Authority include, inter alia, the power to require the substitution of Trustee, to appoint a person to advise the Trust on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Trust. There are other remedies available to the Monetary Authority including the ability to apply to the court for approval of other actions.

6.10 Material Agreements

Copies of the Trust Deed are available for inspection at the office of the Manager during normal business hours free of charge and copies may be purchased at a reasonable charge.

Once published, copies of the annual reports and semi-annual reports of the Trust will also be available for inspection at the office of the Manager during normal business hours.

7. Procedure for Application

7.1 Method of Application

Initial applications for subscription of Units must be made on the Subscription Form which accompanies this Explanatory Memorandum (also available from the Manager). Subsequent applications for subscription of Units may be made on the Subscription Form or by written application giving the information stated below. Applications should be sent by post or by fax to the Manager at the business address or fax number set out in the Subscription Form.

If instructions are sent by fax, the applicant must have previously provided the Manager with an original fax indemnity in the form prescribed by the Manager from time to time (with the consent of the Trustee). All initial applications for subscription of Units sent by fax must be followed by duly signed original applications for subscription. The Manager may, in its absolute discretion, determine whether or not duly signed original applications are also required in respect of subsequent applications for subscription sent by fax.

Subsequent applications not made on the Subscription Form should contain the information set out below:

- (a) state the amount to be invested (which should include provision for the Preliminary Charge, if applicable);
- (b) state (i) how payment has been or will be made (payment should be made by telegraphic transfer in US dollars or by cheque or banker's draft in Hong Kong dollars although payment by cheque may involve some delay and applicants should ensure that cheques are sent in good time to enable funds to be cleared prior to the close of the relevant Dealing Period) and (ii) in the case of payment by telegraphic transfer, the value date for payment. (Please note that for cleared funds in US dollars or Hong Kong dollars to be received in Hong Kong before 5:00 pm on the last day of the relevant Dealing Period, payment must be made for value at least one Business Day in New York (for US dollars) or one Business Day in Hong Kong (for Hong Kong dollars) before the last day of such Dealing Period); and
- (c) state the name (and reference, if any) of the applicant and the name and address to which the contract note is to be despatched.

The Manager reserves the right to reject any application in whole or in part in which case the subscription monies will be returned (without interest) by cheque or telegraphic transfer at the cost and risk of the investor.

7.2 Payment Procedure

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on the regulated activity of dealing in securities under Part V of the Hong Kong Securities and Futures Ordinance. Third party cheques and cash are not accepted.

Units will not usually be issued unless and until the signed application for subscription of Units has been received (whether by fax or by post), and subscription monies have been received in full in cleared funds by or on behalf of the Trustee, in which case the relevant Units will be issued by reference to the Issue Price of Units determined as at the close of the Dealing Period during which monies are actually received.

The Manager may, however, exercise its discretion to accept late payment of subscription monies, provisionally allot Units by reference to the Issue Price of Units at the close of the relevant Dealing Period (as the case may be) and charge interest on such overdue monies until payment is received in full, at such rate as the Manager thinks appropriate. However, if payment of subscription monies is not received within such period as determined by the Manager (which shall not be more than 3 Business Days after the close of the relevant Dealing Period), the Manager may, or the Trustee may request the Manager to, cancel such issue of Units. Upon such cancellation, the relevant Units shall be deemed never to have been issued and the applicant shall have no right to claim in respect thereof against the Manager or the Trustee. The Manager shall be entitled to claim from the applicant and retain for its own account a cancellation fee, determined by the Manager in its absolute discretion, representing any administrative, foreign exchange or other costs involved in processing and cancelling such application.

Value Partners High-Dividend Stocks Funds

Please note that payment must be made in one of the following ways:

1. (a) in US dollars by telegraphic transfer (**net of bank charges**) to:

HSBC Bank USA. (SWIFT Address: MRMDUS33)
452 Fifth Avenue
New York, New York 10018
USA

A/C Name: HSBC Institutional Trust Services (Asia) Limited
– Value Partners Subscription Account

A/C No.: 000-14165-8

For credit to: Value Partners High-Dividend Stocks Fund

DDA No. 00546317

- (b) in HK dollars by telegraphic transfer (**net of bank charges**) to:

The Hongkong and Shanghai Banking Corporation Limited
(SWIFT Address: HSBCHKHHHKH)

1 Queen's Road Central, Hong Kong

A/C Name: HSBC Institutional Trust Services (Asia) Limited
– Value Partners Subscription Account

A/C No.: 502-657802-001

For credit to: Value Partners High-Dividend Stocks Fund

DDA No.: 00546317

In each case the remitter should instruct the remitting bank to send a SWIFT advice (format MT 103) to HSBC Institutional Trust Services (Asia) Limited (SWIFT Address: BTFEHKHH) advising details of the remittance, including the full name of the applicant and the name of the Trust to which the application relates.

Please note that for cleared funds in US dollars or HK dollars to be received in Hong Kong prior to 5:00 p.m. on the last day of the relevant Dealing Period, payment must be made for value at least one Business Day in New York (for US dollars) or one Business Day in Hong Kong (for Hong Kong dollars) before the last day of such Dealing Period.

OR

Value Partners High-Dividend Stocks Funds

2. *by cheque or banker's draft in Hong Kong dollars* issued from a bank account in the name of the applicant (which should be made payable to "HSBC Institutional Trust Services (Asia) Limited" and crossed "Not Negotiable & A/C Payee Only,") and sent to:*

Value Partners Limited
Level 14,
Three Pacific Place,
1 Queen's Road East,
Hong Kong.

bearing the name of the applicant and the name of the Trust to which the application relates on the reverse. Please note that for cleared funds to be received in Hong Kong prior to 5:00p.m. on the last day of the relevant Dealing Period, cheques or banker's draft have to be received by Value Partners Limited at least two Business Days in Hong Kong before the last day of such Dealing Period.

* Please note that cheque or banker's draft in currencies other than Hong Kong dollars are not accepted.

OR

3. *via RTGS CHATS payment Bank Code: 004-local USD clearing system to:*

The Hongkong and Shanghai Banking Corporation Limited
(SWIFT Address: HSBCHKHCHKH)
1 Queen's Road Central, Hong Kong
A/C Name: HSBC Institutional Trust Services (Asia) Limited
– Value Partners Subscription Account
A/C No. 502-657802-201
For credit to: Value Partners High-Dividend Stocks Fund
DDA No.: 00546317

The remitter should instruct the remitting bank to send a SWIFT advice (format MT 103) to HSBC Institutional Trust Services (Asia) Limited (SWIFT Address: BTFEHKHH) advising details of the remittance, including the full name of the applicant and the name of the Trust to which the application relates.

Value Partners High-Dividend Stocks Funds

Please note that for cleared funds in US dollars or HK dollars to be received in Hong Kong prior to 5:00 p.m. on the last day of the relevant Dealing Period, payment must be made for value at least one Business Day in New York (for US dollars) or one Business Day in Hong Kong (for Hong Kong dollars) before the last day of such Dealing Period.

Payment in other freely convertible currencies may be accepted subject to the prior consent of the Trustee and/or the Manager. If such applications in other freely convertible currencies are accepted, the number of Units to be issued in such circumstances will be determined by the Manager calculating the equivalent of the subscription amount in the currency of account of the Trust at an exchange rate which the Trustee deems appropriate and after deducting the cost of foreign exchange. Any bank charges incurred from payment will be for the account of the investor. The cost of any currency conversion and other related administrative expenses will also be borne by the investor. Conversion of currencies may involve some delay.

Units issued by the Trust will be held for investors in registered form. Certificates will not be issued. A contract note will normally be issued by the Registrar's Agent as soon as practicable after the relevant Valuation Day upon acceptance of an application for subscription and will be forwarded by ordinary post (at the risk of the person(s) entitled to such contract note).

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Value Partners Limited

Level 14, Three Pacific Place, 1 Queen's Road East, Hong Kong.

Tel: (852) 2880 9263 Fax: (852) 2565 7975

Email: vp1@vp.com.hk Web Site: www.valuepartners.com.hk

This Notice supplements and should be read together with the Explanatory Memorandums and Addendums (if applicable) of the respective Funds set forth below. These documents should be read, and together construed, as one document prior to the availability of the revised Explanatory Memorandums and Addendums (if applicable) of the respective Funds.

NOTICE TO UNITHOLDERS

**VALUE PARTNERS CLASSIC FUND
VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND
VALUE PARTNERS INTELLIGENT FUNDS – CHINESE MAINLAND FOCUS FUND
VALUE PARTNERS INTELLIGENT FUNDS – CHINA ABH SHARES FUND
VALUE PARTNERS INTELLIGENT FUNDS – JA-VP CHINA NEW CENTURY FUND
VALUE PARTNERS INTELLIGENT FUNDS – JA-VP CHUGOKUTAIRIKU FOCUS FUND
VALUE PARTNERS CHINA GREENCHIP FUND LIMITED
- (COLLECTIVELY THE “FUNDS”)**

16 July 2007

Dear Unitholders

**Notice of Change of Registered Address
- Value Partners Limited**

We would like to inform you that with effect from 25 May, 2007 the respective registered address of Value Partners Limited (the “Manager” of the Funds) has been changed to the following:-


**Romasco Place, Wickhams Cay 1
P.O. Box 3140
Road Town, Tortola
British Virgin Islands
VG1110**

In this respect, all references to the registered address of the Manager in the Funds' Explanatory Memorandums, Addendums (if applicable), shall be deleted and replaced with the above address.

However, the Company's correspondence address at Level 14, Three Pacific Place, 1 Queen's Road East, Hong Kong will remain the same.

If you have any enquiries, please contact us at (852) – 2880-9263.

Yours faithfully
For and on behalf of
Value Partners Limited


Chrissy Chong
Director, Investment Services

This Notice supplements and should be read together with the Explanatory Memoranda and Addendums (if applicable) of the respective Funds set forth below. These documents should be read, and together construed, as one document prior to the availability of the revised Explanatory Memoranda and Addendums (if applicable) of the respective Funds.

NOTICE TO UNITHOLDERS

Value Partners Classic Fund
Value Partners High-Dividend Stocks Fund
Value Partners Intelligent Funds – Chinese Mainland Focus Fund
Value Partners intelligent Funds – China Convergence Fund
Value Partners Intelligent Funds – JA-VP China New Century Fund
Value Partners Intelligent Funds – JA-VP Chugokutairiku Focus Fund
Value Partners China Greenchip Fund Limited
- (collectively the “Funds”)

18 May 2009

Dear Unitholders

Office Removal Notice

Please be informed that with effect from 8 June 2009, the office of the Manager will be relocated to:

**9th Floor, Nexxus Building,
41 Connaught Road Central, Hong Kong**

Telephone and facsimile numbers remain unchanged

In this respect, all references to the business address of the Manager in the Funds' Explanatory Memoranda, Addendums (if applicable), Subscription and Redemption forms and other relevant forms shall be replaced with the above address.

Please direct all correspondence to our new address. If you have any enquiries, please contact the Manager at (852) 2880 9263 or via email at vpl@vp.com.hk, or visit our website at www.valuepartners.com.hk.

Yours faithfully,

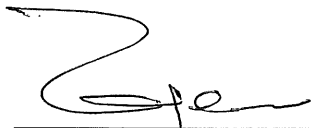
Value Partners Limited

This Notice constitutes an amendment to the Funds' EM, you should retain a copy of this Notice with the EM.

Thank you for your attention to this matter. We look forward to your continued support.

Should you have any enquiries, please do not hesitate to contact our Investment Services Department on (852) 2880 9263.

Yours faithfully,



Eugene Law
Authorized Signatory
Value Partners Limited